

EdgeVerve Systems Limited
ANNUAL REPORT
2017-2018



The EdgeVerve Board of Directors



D. N. Prahlad
Chairman of the Board

Nitesh Banga
Director

Inderpreet Sawhney
Director

Sanat Rao
Director

Deepak Padaki
Director

Srinivasan Rajam
Independent Director

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The Board and committees

Board of Directors as on March 31, 2018

D. N. Prahlad

Independent director and Chairman of the Board

Nitesh Banga

Director

Sanat Rao

Director

Deepak Padaki

Director

Inderpreet Sawhney

Director

Srinivasan Rajam

Independent director

Board of Directors as on March 31, 2017

Sandeep Dadlani

Chairman of the Board

Pervinder Johar

Chief Executive Officer

Arun Kumar Krishnan

Whole-time director

D. N. Prahlad

Independent director

Jonathan Heller

Director

Ritika Suri

Additional director

Sanat Rao

Director

Srinivasan Rajam

Independent director

Inductions during the year

Deepak Padaki

(Appointed on July 10, 2017)

Dr. Vishal Sikka

(Appointed on July 10, 2017)

Inderpreet Sawhney

(Appointed on September 1, 2017)

Nitesh Banga

(Appointed on December 1, 2017)

Resignations during the year

Sandeep Dadlani

(Resigned on June 23, 2017)

Jonathan Heller

(Resigned on July 10, 2017)

Ritika Suri

(Resigned on August 15, 2017)

Dr. Vishal Sikka

(Resigned on August 24, 2017)

Pervinder Johar

(Resigned on October 13, 2017)

Committees of the Board

Audit Committee

D. N. Prahlad

Chairperson

Srinivasan Rajam

Member

Deepak Padaki

Member

Nomination & Remuneration Committee

Srinivasan Rajam

Chairperson

D. N. Prahlad

Member

Inderpreet Sawhney

Member

Deepak Padaki

Member

Corporate Social Responsibility Committee

Deepak Padaki

Chairperson

Srinivasan Rajam

Member

Inderpreet Sawhney

Member

* As on March 31, 2018

Board's report

Dear members,

The Board of Directors hereby submits the report of the business and operations of the Company ('the Company' or 'EdgeVerve'), along with the audited financial statements, for the financial year ended March 31, 2018.

1. Results of our operations and state of affairs

in ₹ lakh, except per share data

Particulars	2018	2017
Income from software products, platforms and services	243,915	235,141
Software development expenses	144,685	138,191
Gross Profit	99,230	96,950
Operating expenses		
Selling and marketing expenses	17,350	19,935
General and administration expenses	22,044	22,867
Total operating Expenses	39,394	42,802
Operating Profit	59,836	54,148
Finance Cost	15,580	19,713
Profit before interest and tax	44,256	34,435
Other income, net	1,153	1,443
Profit before tax	45,409	35,878
Tax Expense	14,215	11,330
Net profit after tax	31,194	24,548
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability/asset	585	81
Equity instruments through other comprehensive income Items that will be reclassified subsequently to profit or loss		-
Total other comprehensive income, net of taxes	585	81
Total comprehensive income	31,779	24,629
Earnings per share (at par value of ₹ 10 each)		
Basic		1.87
Diluted	2.38	1.87

Revenue

Our revenue from operations on a standalone basis increased to ₹ 243,915 lakh from ₹ 235,141 lakh in the previous year, at a growth rate of 4%.

Profits

Our gross profit amounted to ₹ 99,230 lakh (40.7% of revenue), as against ₹ 96,950 lakh (41.2% of revenue) in the previous year. Sales and marketing costs were 7.1% of our revenue for the year ended March 31, 2018 as compared to 8.5% for the year ended March 31, 2017. General and administration expenses were 9.0% of our revenues for the year ended March 31, 2018 as compared to 9.7% for the year ended March 31, 2017. The operating profit amounted to ₹ 59,836 lakh (24.5% of revenue), as against ₹ 54,148 lakh (23.0% of revenue), in the previous year. The profit before tax was ₹ 45,409 lakh (18.6% of revenue), as against ₹ 35,878 lakh (15.3% of revenue) in the previous year. Net profit was ₹ 31,194 lakh (12.8% of revenue), as against ₹ 24,548 lakh (10.4% of revenue) in the previous year.

Capital expenditure

This year, we incurred capital expenditure of ₹ 1,878 lakh. This comprises ₹ 1,811 lakh for investment in computer equipment ₹ 36 lakh in furniture & fixtures and the balance of ₹ 31 lakh in infrastructure. In the previous year, we incurred capital expenditure of ₹ 5,236 lakh. This comprised ₹ 5,100 lakh for investment in computer equipment, ₹ 72 lakh in furniture & fixtures and the balance of ₹ 64 lakh in infrastructure.

Liquidity

Our principal sources of liquidity are cash and cash equivalents and the cash flow that we generate from our operation. We maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enables us to be agile and ready for meeting unforeseen business needs. We believe that our working capital is sufficient to meet our current requirements. As on March 31, 2018, we had liquid assets (includes cash and cash equivalents and investments) of ₹ 8,073 lakh, as against ₹ 5,099 lakh at the previous year-end. These funds comprise of balances with banks in current and deposits accounts and investment in liquid mutual funds. The details of these investments are disclosed under the 'non-current and current investments' section in the financial statements in this Annual Report.

Deposits from public

The Company has not accepted any deposits including from the public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Transfer to reserves

As per the provisions of Section 71 of the Companies Act, 2013, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures. Accordingly the company has transferred ₹ 24,202 lakh to the debenture redemption reserve.

Particulars of loans, guarantees or investments

The Company has not made any loan directly or indirectly to any person or other body corporate nor guaranteed nor provided security in connection with the loan to any other body corporate during the year and the Company has not acquired by way of subscription, purchase or otherwise securities of any other body corporate, exceeding the limits prescribed in Section 186 of the Companies Act, 2013.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements entered into with related parties pursuant to Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is attached as Annexure 1 to the Board's report.

Material changes and commitments affecting financial position between the end of the financial year and date of report

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

Share capital and debentures

In 2015, the Company had purchased the Finacle and Edge Services business from its holding company Infosys Limited for the total consideration of ₹ 339,900 lakh. The Company settled the payment towards purchase consideration by way of issue of fully-paid-up equity shares of the company and debentures. The Company issued 8,500 lakh equity shares of ₹ 10 each amounting to ₹ 85,000 lakh and 2,549 lakh unsecured debentures of ₹ 100 each amounting to ₹ 254,900 lakh in full and final settlement to Infosys Limited. Necessary approval of the shareholders were obtained.

With the issue of the above shares, the authorized share capital of the Company as on March 31, 2018 stood at ₹ 410,000 lakh and paid-up share capital of the Company stood at ₹ 131,184 lakh.

The Company has not issued any shares with differential rights, sweat equity shares or shares under employee stock option scheme. The Company has also not bought back any shares.

During the year the company has redeemed debentures worth ₹ 34900 lakhs divided into 349 lakh debentures of ₹ 100 each in various tranches. The details of the redemption is provided in MGT-9, Annexure 4 to the Board's report.

2. Products

EdgeVerve Systems Limited, a wholly owned subsidiary of Infosys, develops innovative software products and offers them on premise and on the cloud. Our products help businesses develop deeper connections with stakeholders, power continuous innovation and accelerate growth in the digital world. We power our clients' growth in rapidly evolving areas like banking, distributive trade, credit servicing, customer service and enterprise buying. Today EdgeVerve products and platforms are used by global corporations across industries such as financial services, insurance, retail and CPG, life sciences, manufacturing and telecom. Our solutions are available in two broad categories – Edge suite and Finacle®.

Edge suite includes – AssistEdge®, CreditFinanceEdge®, TradeEdge® and ProcureEdge®. The solutions focus on realizing business outcomes for clients by driving revenue growth, cost effectiveness and profitability. AssistEdge® is an award winning, proven and scalable platform that helps enterprises in service modernization through automation. It handles all aspects of automation

– from end-to-end to assisted, and helps enterprises reduce operational costs and increase reliability of processes. CreditFinanceEdge® is an integrated credit servicing and asset management platform that manages multiple credit types and asset classes – from on-boarding to resolution to closure. TradeEdge® helps global companies, reach billions of new consumers and increase revenues while reducing non-productive inventory. ProcureEdge® helps global organizations to continuously discover and realize value across their Source-to-Pay (S2P) cycle through automation.

Finacle is the industry-leading digital banking solution suite from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. Finacle helps traditional and emerging financial institutions drive truly digital transformation to achieve frictionless customer experiences, larger ecosystem play, insights-driven interactions and ubiquitous automation. Today, banks in over 100 countries rely on Finacle to service more than a billion consumers and 1.3 billion accounts. Finacle is consistently rated as a leader in the market by leading industry analysts and is proven to be the most scalable banking platform globally.

Finacle solutions address the core banking, omnichannel banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, analytics, artificial intelligence, and blockchain requirements of financial institutions to drive business excellence. These solution are available for on-premise deployments or as cloud hosted banking platforms. Finacle has over 500 client deployments across financial institutions of all sizes. The solution's componentized structure and enterprise-class capabilities help banks boost the agility and efficiency of their operations, and significantly improve customer experience across channels. An assessment of the top 1250 banks in the world reveals that institutions powered by the Finacle Core Banking solution, on average, enjoy 7.2% points lower costs-to-income ratio than others.

Awards

- AssistEdge won the RPA Excellence award under the category "Best Use Case of an RPA Bot for CX"
- Infosys Finacle awarded Most Innovative Application of Emerging Technology at The Asian Banker Technology Innovation Awards 2017
- Infosys Finacle won Best Core Banking Implementation Project in Mid-size Bank segment
- The Asian Banker, Middle East & Africa Regional Awards 2017 :
- Infosys Finacle won Best Core Banking Implementation Award, Africa
- Emirates Islamic Bank and Infosys Finacle win Best Core Banking Implementation Award, Middle East
- Juniper Future Digital Awards for Commerce & Fintech 2017
- Infosys Finacle Mobile Payments Offering was recognized as a winner in the 'Mobile Payments–Best Contactless Technology / Solution' category
- Infosys Finacle Mobile Teller Solution was highly

commended in the 'Digital Banking – Best System Solution' category.

- Infosys Finacle has been adjudged "Best Digital Banking Technology" award at The Banker Middle East Industry Awards
- Infosys Finacle has been adjudged "Best Innovative Technology Provider" award at Banker Africa – East Africa Awards 2017

For more details on awards and recognitions, please visit our website: <https://www.edgeverve.com/awards/>

3. Corporate Governance

Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At EdgeVerve, the goal of corporate governance is to ensure fairness for every stakeholder. Sound corporate governance is critical to enhance and retain stakeholder trust. The Company always seeks to ensure that its performance is driven by integrity and values. The Board exercises its fiduciary responsibilities in the widest sense of the term.

At EdgeVerve, the Board of Directors ensures accountability, fairness and transparency, in company's relationship with the stakeholders such as clients, shareholders, employees, management, government and the community as a whole. The Company has complied with all norms of corporate governance applicable to unlisted public limited companies as envisaged under the Companies Act 2013 and the Rules made thereunder.

Our Corporate governance report for fiscal 2018 forms part of this Annual Report.

Number of meetings of the Board

The Board met four times during the financial year, the details of which are given in the corporate governance report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Policy on directors' nomination, appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2018, the Board consists of six members, two members were with executive responsibilities, two members were independent directors and two directors were non-executive directors of whom one was a woman director. As such, the composition of the Board is in conformity with the provisions of Section 149 and other applicable provisions of the Companies Act 2013.

The Board periodically evaluates composition and size in order to ensure proper balance of executive and non-executive directors and to ensure Board diversity.

The Board affirms that the remuneration paid to the directors is in conformity with the Nomination and Remuneration Policy of the Company. There has been no change to the Nomination and Remuneration Policy adopted by the Company during the year.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub section (3) of Section 178 of the Companies Act, 2013, is available on our website, at: <https://www.edgeverve.com/wp-content/uploads/2017/03/nomination-remuneration-policy.pdf>

Declaration by independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013. In the opinion of the Board, the independent directors fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder and they are independent of the Management.

Board evaluation

As required under Section 134(3) and Schedule IV of the Companies Act 2013 and the Rules made thereunder the evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The process of evaluation has been explained in the corporate governance report section of this Annual Report.

Board of Directors

Chairman of the Board

D. N. Prahlad, Independent Director is the non-executive Chairman of the Board.

Inductions

The following appointments were made during the year;

- Appointment of Deepak Padaki as additional director effective July 10, 2017.
- Appointment of Dr. Vishal Sikka, an additional director and Chairman of the Board effective July 10, 2017.
- Appointment of Inderpreet Sawhney as an additional director effective September 1, 2017.
- Appointment of Nitesh Banga as an additional director effective December 1, 2017

Retirements and resignations

- Arun Kumar Krishnan retired as Whole-time Director effective April 30, 2017.
- Sandeep Dadlani resigned as Chairman of the Board and director effective June 23, 2017.
- Jonathan Heller resigned as director effective July 10, 2017.
- Ritika Suri resigned as additional director effective August 15, 2017.
- Dr. Vishal Sikka resigned as director effective August 24, 2017.
- Pervinder Johar resigned as CEO and MD effective October 13, 2017.

Reappointment

Pursuant to Section 152 (6) of the Companies Act,

2013, Sanat Rao, who has served the longest on the Board, retires by rotation at the ensuing Annual General Meeting. Sanat Rao, being eligible, offers himself for reappointment.

His appointment as director requires the approval of the members at the Annual General Meeting. The necessary resolution for obtaining the approval of members with regard to reappointment of Sanat Rao as Director liable to retire by rotation is being placed before the members.

Committees of the Board

Pursuant to provisions of Section 135, 177 and 178 of the Companies Act, 2013, the Company has constituted three Board level committees; the Corporate Social Responsibility Committee, the Audit Committee, and the Nomination and Remuneration Committee. The composition of the committees and related compliances and disclosures, as required under applicable provisions of the Act and Rules, are furnished in the attached Corporate Governance Report.

Meeting of the independent directors

Independent directors of the Company held their meeting on October 17, 2017 without the presence of the Management.

Subsidiaries, associate companies, joint ventures etc

The Company does not have any subsidiaries, associate companies, or joint ventures.

Responsibility statement of the Board of Directors

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values and the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- a. In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- b. They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. They had prepared the annual accounts on a going concern basis; and
- e. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Risk management

The Company follows the risk management framework adopted by holding company Infosys Limited. For more details please refer Risk Management Report.

Particulars of employees

Following disclosures as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of Annexure 2 to the Board's report;

- Statement containing the names of top 10 employees in terms of remuneration drawn.
- Details of employees posted in India throughout the fiscal and in receipt of a remuneration of ₹ 1.02 crore or more per annum.
- Details of employees posted in India for part of the year and in receipt of ₹8.5 lakh or more a month

The details of employees posted outside India and in receipt of a remuneration of ₹60 lakh or more per annum or ₹5 lakh or more a month will be made available on request.

4. Auditors

Statutory Auditor

The Auditors have issued an unqualified opinion on the financial statements of the company for the year ended March 31, 2018. Their report for fiscal 2018 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Deloitte Haskins & Sells LLP (Firm Registration No. 117366 W/W 100018, ICAI Firm Registration No. 101248W/W-100022), chartered accountants were appointed as statutory auditors of the company to hold the office from the conclusion of the 3rd annual general meeting subject to ratification by the shareholders at the general meeting or as necessitated by the Act from time to time. The first year of audit was for the financial statements for the year ending March 31, 2018 including audit of the quarterly financial statements for the year. Accordingly, the appointment of Deloitte Haskins & Sells LLP is being placed before the shareholders for ratification.

Secretarial Auditor

Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries (FCS : 1325, CP No. 640), was appointed to conduct the secretarial audit of the Company for the fiscal 2018, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for fiscal 2018 forms part of the Annual Report as Annexure 3 to the Board's report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed Parameshwar G. Hegde of Hegde & Hegde, Practising Company Secretaries (FCS : 1325, CP No. 640), as secretarial auditor of the Company for fiscal 2019.

Significant and material orders

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Extract of annual return

In accordance with Section 134(3) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 4 to the Board's report.

Corporate Social Responsibility

The Company has constituted the CSR committee as per the requirements of the Companies Act, 2013. During the year the Board approved allocation of CSR amount to Infosys Foundation and agreed to deliver its corporate social responsibility through Infosys Foundation. The Board hence adopted the group CSR policy which is available for download from <https://www.infosys.com/investors/corporate-governance/Documents/corporate-social-responsibility-policy.pdf>. The annual report on CSR activities is appended as Annexure 5 to the Board's report.

The details about the corporate social responsibility committee forms part of corporate governance report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The operations of our Company are not energy intensive. However, adequate measures have been taken to reduce energy consumption by using energy efficient computers and by the purchase of energy efficient equipment. The Company constantly evaluates new technologies and invests in them to make its infrastructure more energy efficient.

Foreign exchange earned and used for the year ended March 31, 2018;

in ₹ lakh

Particulars	March 31, 2018	March 31, 2017
Foreign exchange earnings	180,924	178,968
Foreign exchange outgo (including capital goods and imported software packages)	35,238	25,366

Acknowledgments

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our sincere appreciation of the contribution made by employees at all levels. Our growth was made possible by their hard work, solidarity, cooperation and support.

We thank the governments of various countries where we have our operations. We also thank the Government of India, particularly the Ministry of Labour and employment, the Ministry of Communication and Information Technology, the Ministry of Commerce and Industry, the Ministry of Corporate Affairs, the Ministry of Finance, the Central Board of Indirect taxes and Customs, the Central Board of Direct Taxes, the Reserve Bank of India, the State Governments, the Software Technology Parks (STPs) Bengaluru, Chandigarh, Chennai, Hyderabad, Gurugram, Mumbai and Pune and other government agencies for their support and look forward to their continued support in the future.

Bengaluru
April 11, 2018

for and on behalf of the Board of Directors

Sd/-
D.N. Prahlad
Chairman of the Board

Annexure to the Board's Report

Annexure 1 – Particulars of contracts / arrangements made with related parties

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

As per Section 188 of the Companies Act 2013, whenever a company avails or renders any service directly or through agents amounting to 10% or more of the turnover of the company or ₹ 50 crore, whichever is lower, prior approval of the shareholders is required. However, shareholders' approval for such transactions need not be sought if the transactions are between the holding company and its wholly-owned subsidiaries whose accounts are consolidated with the holding company and placed for shareholders' approval. All the transactions entered by the Company with related parties are in the ordinary course of business and at arm's length basis..

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered during the year ended March 31, 2018, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2018 are as follows :

Name of the related party relationship	Nature of relationship	Duration of contract	Salient terms	Amount (in ₹ lakh)
Infosys Limited	Holding Company	Valid from July 1, 2014	Purchased of shared services	44,742

for and on behalf of the Board of Directors

Bengaluru
April 11, 2018

Sd/-
D.N. Prahlad
Chairman of the Board

Annexure 2 – Particulars of employees

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employees drawing a remuneration of INR 1.02 crore or above per annum and posted in India

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Remuneration paid (INR)	Gross Remuneration paid (INR)	Previous employment and designation
Sushanth Michael Tharappan	SVP, Chief People Officer	BSC, MBA	43	21	1-Jul-14	15,588,207		Infosys Limited - Group Head - Talent Acquisition
Venkatramana Gosavi	SVP, Global Head Sales - Finacle	BE, MBA	53	29	1-Aug-15	11,529,594		Infosys Limited - Regional Head
Arun Kumar Krishnan	SVP, Head - Product Development	BE, MS (Engg)	54	29	1-Aug-15	10,742,448		Infosys Limited - Product Delivery Head
Sateesh Seetharamiah	SVP, Head - IP, Commercialization, Information Security and Risk	BE, MSC	49	24	1-Jul-14	10,612,401		Infosys Limited - Senior Principal - Business Consulting

Employed for part of the year with an average salary above ₹ 8.5 lacs per month and posted in India

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Date of Leaving	Gross Remuneration paid (INR)	Previous employment and designation
Anirban Dey	Global Head - Edge Products	B.Tech, MS (Engg), MBA	46	19	30-Mar-15	28-Jul-17	15,671,827	Concur Technologies - Senior Vice President
Suresh Prahlad Bharadwaj	Senior Director and Product Head	BE, MS	56	32	1-Jul-14	20-Jul-17	4,972,165	Infosys Limited - Industry Principal
Rajeshwari Ganesan	Senior Director and Head - Systems Engineering	BE	44	22	1-Jul-14	31-May-17	1,849,455	Infosys Limited - Principal Research Scientist
Hariprasad Karnam Bhupasamudram	Senior Director and Product Head	BE, MMS	47	23	1-Jul-14	3-Jul-17	3,360,711	Infosys Bpo Ltd - Head - Platforms
Sunder Prahlad Madakshira	Senior Director and Head - Marketing	BE, PGDM	45	21	23-Jul-15	7-Apr-17	1,376,312	Hexaware - Cmo
Venkatesh Vaidyanathan	VP, Product Delivery Head	B.Sc, MCA	50	26	1-Aug-15	30-Jun-17	2,561,067	Infosys Limited - Product Delivery Head
Sheenam Ohrie	VP, Delivery Head	BE	47	25	1-Aug-15	28-Apr-17	1,595,001	Infosys Limited - Delivery Head
Abhishek Kumar	Principal I Product Architect	BE	37	14	1-Aug-15	19-May-17	1,778,530	Infosys Limited - Principal Product Architect

Balsubramanian Krithivasan	Product Line Manager	BE, MSc (Engg), PGDBM	38	17	21-Aug-15	30-Jun-17	2,807,338	Sap Labs Pvt Ltd - Director Engineering
Vinoop Aradhya	Senior Director - Product Management	BE	43	16	25-Aug-15	20-Jul-17	3,858,758	Manhattan Associates - Senior Director
Rama Mohan Venkata Kadayinti	VP, Business Excellence - Head	BE, MTECH	48	24	8-Sep-15	30-Jun-17	4,876,412	Infosys Limited - Business Excellence - Head
Neeraj Bachani	Principal Product Manager	BE	41	4	20-Oct-15	30-Jun-17	3,460,138	Sabre Travel - Agile Coach
Mangesh Narayan	Director - Quality	BE	44	20	1-Jun-16	30-Jun-17	2,946,646	Honeywell Technology Solutions Lab - Practice Head Acs Quality

Top 10 employees in terms of remuneration drawn during the year

Employee Name	Full or Part Year	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Date of Leaving	Gross Remuneration paid (INR)	Previous employment and designation
Anirban Dey	Part Year	Global Head - Edge Products	B.Tech, MS (Engg), MBA	46	19	30-Mar-15	28-Jul-17	15,671,827	Concur Technologies - Senior Vice President
Sushanth Michael Tharappan	Full year	SVP, Chief People Officer	BSC, MBA	43	21	1-Jul-14	-	15,588,207	Infosys Limited - Group Head - Talent Acquisition
Venkattramana Gosavi	Full year	SVP, Global Head Sales - Finacle	BE, MBA	53	29	1-Aug-15	-	11,529,594	Infosys Limited - Regional Head
Arun Kumar Krishnan	Full year	SVP, Head - Product Development	BE, MS (Engg)	54	29	1-Aug-15	-	10,742,448	Infosys Limited - Product Delivery Head
Sateesh Seetharamiah	Full year	SVP, Head - IP, Commercialization, Information Security and Risk	BE, MSC	49	24	1-Jul-14	-	10,612,401	Infosys Limited - Senior Principal - Business Consulting
Sagar Sarma	Full year	Senior Director and Head - Product Development	BE, PGDM	49	17	27-Mar-17	-	9,768,591	Mcafee Software Solutions Pvt Ltd - Director Of Engineering
Deepak N. Hoshing	Full year	VP, Head - Product Architecture	B.Tech	55	33	1-Aug-15	-	9,755,019	Infosys Limited - Head - Architecture
Venkataramanan Tenkarai sankaran	Full year	VP, Product Delivery Head	BE	53	32	1-Aug-15	-	8,887,276	Infosys Limited - Product Delivery Head
Prem Joseph Pereira	Full year	VP, Chief Financial Officer	BCOM, ICWA, CA	42	19	23-Sep-14	-	8,678,868	Infosys Limited - Senior Principal - Business Finance
Mahesh Dutt Kolar	Full year	VP, Regional Manager - Finacle Sales	BE, PGD	48	24	1-Aug-15	-	8,595,532	Infosys Limited - Regional Manager - Finacle Sales

Annexure 3 – Secretarial audit report for the financial year ended March 31, 2018

(Pursuant to Section 204(1) of Companies Act 2013 and the Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Edgeverve Systems Limited,
44, Electronics City, Hosur Road Bangaluru-560100
Karnataka, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EDGEVERVE SYSTEMS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any, and
- iii. Other laws applicable specifically to the company namely:
 - a. Information Technology Act, 2000 and the rules made thereunder
 - b. Special Economic Zones Act, 2005 and the rules made thereunder
 - c. Software Technology Parks of India rules and regulations, 2004
 - d. The Patents Act, 1970
 - e. The Trade Marks Act, 1999.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the period under review the Company has complied with the provisions of the Acts, Rules, Regulations and Standards mentioned above.

I further report that, out of 25,49,00,000 Unsecured non-convertible debentures of Rs 100 each aggregating Rs 2,549 crore issued to Infosys Limited, its holding Company, towards payment of part consideration for transfer of business pursuant to Business Purchase Agreement dated September 30, 2015 entered into between the Company and Infosys Limited, the Company has redeemed 3,49,00,000 debentures aggregating Rs 349 crore and 17,80,00,000 debentures aggregating Rs 1,780 crore are outstanding as on March 31, 2018 and the Company has represented that the said debentures do not fall within the purview of Section 73 & 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules 2014 and hence it was not required to comply with the requirements of the said rules.

I further report that, being an unlisted Company, during the audit period, the following Acts and the rules and regulations made thereunder were not applicable to the Company:

- i. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- iii. The Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Regulations and Guidelines made/ issued thereunder.

I further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by the statutory financial audit and other designated professionals.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, based on the information provided and the representation made by the Company and also on the review of the compliance reports taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

Bengaluru
April 11, 2018



P G HEGDE
Hegde & Hegde
Company Secretaries
FCS: 1325/ C.P.No: 640

Annexure 4 – Extract of Annual Return

Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014] As on the financial year ended on March 31, 2018

Registration and other details

Corporate Identity Number (CIN) of the company	U 7 2 2 0 0 K A 2 0 1 4 P L C 0 7 3 6 6 0
Registration date	February 14, 2014
Name of the company	EdgeVerve Systems Limited
Category / sub-category of the company	Public Company Limited by Shares / Indian Non-Government Company
Address of the registered office and contact details	Plot No. 44, Electronics City, Hosur Main Road Bengaluru – 560100, Karnataka, India Tel : 91 80 3952 2222 Fax : 91 80 2852 1300 email: secretarial@edgeverve.com website: www.edgeverve.com
Listed company (Yes / No)	No
Name, address and contact details of Registrar and transfer agent	Karvy Computershare Private Limited Unit: EdgeVerve Systems Limited, Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Contact person Chandrasekhar Raman Senior Manager Tel: 91 40 6716 1602 email: chandrashakar@karvy.com

Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company.

Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
Computer Programming, Consultancy and related activities	620	100

Particulars of Holding, Subsidiary and Associate Companies

All the business activities contributing 10% or more of the total turnover of the company.

Name and address of the Company CIN/GLN	CIN/GLN	Holding / Associate Subsidiary / %	% of shares held	Applicable section
Infosys Limited	L85110KA1981PLC013115	Holding	100	Section 2(46)

Shareholding pattern (Equity share capital break-up as percentage of total equity)

(i) Category-wise shareholding

Category code	Category of shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change during the year
		Demat (III)	Physical (IV)	Total (V)	Demat (VII)	Physical (VIII)	Total (IX)	
(I)	(II)	(III)	(IV)	(V)	(VII)	(VIII)	(IX)	(X)
(A) Promoters								
(1) Indian								
(a) Individual / HUF		-	-	-	-	-	-	-
(b) Central Government		-	-	-	-	-	-	-
(c) State Government(s)		-	-	-	-	-	-	-
(d) Bodies Corporate		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100
(e) Banks / Financial Institutions		-	-	-	-	-	-	-
(f) Any other		-	-	-	-	-	-	-
Sub total A(1)		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100
(2) Foreign								
(a) Individuals (NRIs / Foreign Individuals)		-	-	-	-	-	-	-
(b) Other Individuals		-	-	-	-	-	-	-
(c) Bodies Corporate		-	-	-	-	-	-	-
(d) Banks / Financial Institutions		-	-	-	-	-	-	-
(e) Any other		-	-	-	-	-	-	-
Sub total A(2)		-	-	-	-	-	-	-
Total Shareholding of Promoters A=A(1)+A(2)		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100
(B) Public shareholding								
(1) Institutions								
(a) Mutual Funds / UTI		-	-	-	-	-	-	-
(b) Banks / Financial Institutions		-	-	-	-	-	-	-
(c) Central Government		-	-	-	-	-	-	-
(d) State Government(s)		-	-	-	-	-	-	-
(e) Venture Capital Funds		-	-	-	-	-	-	-
(f) Insurance Companies		-	-	-	-	-	-	-
(g) Foreign Institutional Investors		-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds		-	-	-	-	-	-	-
(i) Any other		-	-	-	-	-	-	-
Sub total B(1)		-	-	-	-	-	-	-
(2) Non-institutions								
(a) Bodies Corporate		-	-	-	-	-	-	-
(i) Individuals holding nominal share capital up to ₹1 lakh		-	6	6	-	(1) 6	6	0
(ii) Individuals holding nominal share capital in excess of ₹1 lakh		-	-	-	-	-	-	-
(c) Others (specify)		-	-	-	-	-	-	-
Sub total B(2)		-	6	6	-	6	6	0
Total public shareholding total B=B(1)+B(2)		-	6	6	-	6	6	0
Total (A+B)		1,311,839,994	6	1,311,840,000	100	1,311,839,994	6	1,311,840,000
(C) Shares held by custodians for ADRs		-	-	-	-	-	-	-
Grand total (A+B+C)		1,311,839,994	6	1,311,840,000	100	1,311,839,994	6	1,311,840,000

(ii) Shareholding of promoters

Name of the shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in share holding during theyear
	No. of shares of the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company	
Infosys Limited	1,311,839,994	100	1,311,839,994	100	--

(iii) Change in promoters' shareholding

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Infosys Limited				
At the beginning of the year	1,311,839,994	100	1,311,839,994	100
At the end of the year	1,311,839,994	100	1,311,839,994	100

(iv) Shareholding pattern of top ten shareholders

(other than directors, promoters and holders of ADRs).

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Others	(1) 6	0.00	(1) 6	0.00

(1) Shares held beneficially in the name of Infosys Limited, pursuant to Section 89 of the Companies Act, 2013.

(v) Shareholding of Directors and Key Managerial Personnel

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sudhir Gaonkar	(1) 1	0.00	(1) 1	0.00

(1) Shares held beneficially in the name of Infosys Limited, pursuant to Section 89 of the Companies Act, 2013.

Remuneration to Managing Director, Whole-time Directors and / or Manager :

in ₹ lakh

Particulars of remuneration	Name of Directors		Total Amount
	Arun Kumar Krishnan	Pervinder Johar	
Gross salary (1)			
Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	10.12	315.54	325.52
Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
Stock option	-	0.08	0.08
Sweat equity	-	-	-
Commission	-	-	-
as % of profit	-	-	-
other (bonus)	-	189.08	189.08
Others, Retiral benefits	-	-	-
Total (A)	10.12	504.70	514.82
Ceiling as per the Act	-	-	-

Remuneration to other Directors :

in ₹ lakh

Particulars of remuneration	Name of Directors			Total Amount
	Srinivasan Rajam	D. N. Prahlad	Sanat Rao	
Independent Directors				
Fee for attending board/committee meetings	10.00	10.00	-	20.00
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (1)	10.00	10.00	-	20.00
Other Non-Executive Directors				
Fee for attending board/committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify reimbursement of salary	-	-	422.99	422.99
Total (2)	-	-	422.99	422.99
Total (B)=(1+2)	10.00	10.00	422.99	442.99
Total Managerial Remuneration	10.00	10.00	422.99	442.99
Overall Ceiling as per the Act				

Remuneration to key managerial personnel other than MD / Manager / WTD

in ₹ lakh

Particulars of remuneration	Chief Financial Officer	Company Secretary	Total Amount
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17.83	3.72	21.55
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	33.53	6.85	40.38
(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961			
Stock Option	4.27	0.23	4.50
Sweat Equity	-	-	-
Commission as % of profit	-	-	-
Others (Bonus)	28.13	2.02	30.15
others, Retiral benefits	4.00	0.63	4.63
Total	87.76	13.45	101.23

Annexure 5 – Annual report on CSR activities

(Pursuant to Section 135 of the Companies Act, 2013)

CSR committee

The members of the CSR committee are :

- Deepak Padaki, Chairperson
- Srinivasan Rajam
- Inderpreet Sawhney

For details on our CSR policy, visit

<https://www.infosys.com/investors/corporate-governance/Documents/corporatesocial-responsibility-policy.pdf>

The financial details for CSR contribution under the Companies Act, 2013 is as follows:

Particulars	Amount
Average net profit of the Company for last three financial years	77
Prescribed CSR expenditure (2% of the average net profit as computed above)	
Total amount to be spent for the financial year	1.54
Amount spent	1.55
Amount unspent	-

The projects and head under which the outlay amount was spent in fiscal are as follows:

Theme-based CSR project / activity / beneficiary	Location of the project / program	Amount outlay (budget)	Amount spent on the projects or programs in fiscal 2018	Cumulative expenditure up to the reporting period
Expenditure on projects / programs by EdgeVerve Systems promoting education, enhancing vocational skills				
International Centre for Theoretical Sciences - Tata Institute of Fundamental Research	Bengaluru	1.50	1.50	1.50
SGBS Unnati Foundation	Bengaluru	0.04	0.05	0.05
Total		1.54	1.55	1.55

Bengaluru
April 11, 2018

Sd/-
Deepak Padaki
Chairperson, CSR Committee

Sd/-
Sanat Rao
Director

Risk Management Report

The risk management report outlines various dimensions of our enterprise risk management function. This may contain statements that are forward-looking in nature. As every business is home to uncertainties, so is ours. These could materially vary the actual results from those reflected in the forward-looking statements. Our business, financial conditions and/ or prospects could

also be affected by risks and uncertainties not currently known to us or we believe are not material. Readers are advised to refer to the detailed discussion of risk factors and related disclosures in our group regulatory filings, and exercise their judgment in assessing risks associated with the Company.

Overview

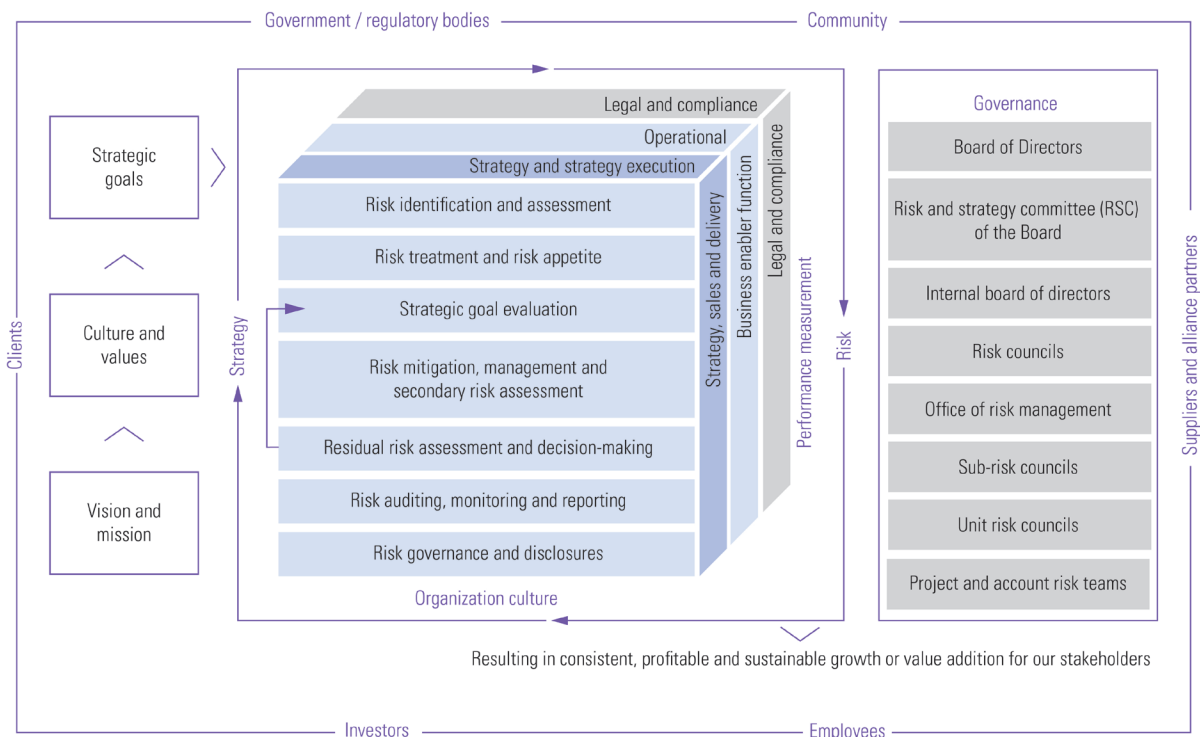
The Infosys Enterprise Risk Management (ERM) enables the achievement of strategic objectives by identifying, analyzing, assessing, mitigating, monitoring and governing any risk or potential threat to these objectives. While achievement of strategic objectives is the key driver, our values, culture, obligation and commitment to employees, customers, investors, regulatory bodies, partners and the community around us are the foundation on which our ERM framework is developed. Systematic and proactive identification of risks and mitigation thereof enable effective or quick decision-making and boosts the performance of the organization. The ERM unit functions as a decision-enabler which not only seeks to minimize the impact of risks but also enables the effective resource allocation based on the risk impact ranking and risk appetite. Strategic decisions

are taken after careful consideration of risks based on secondary risks and residual risks.

Our ERM framework encompasses strategic, operational, and legal and compliance risks that the organization is exposed to. Any of these categories can have internal or external dimensions. To identify these risks proactively, appropriate risk indicators are used. We take cognizance of risks faced by our key stakeholders and the multiplies impact of the same while framing our risk responses.

Infosys Edgeverve has adopted the new integrated risk management framework that is being implemented across the Group companies. The new framework is based on international standards and tailored to suit business needs of Infosys Group including Edgeverve.

Infosys Integrated Enterprise Risk Management Framework



Risk Governance Structure

At the corporate level, the Board of Directors (the 'Board') are responsible for managing risks. Risks are identified by risk management functions or roles at different levels in the organization are presented at the appropriate councils in the governance structure. Critical risks or cross functional risks at each level are escalated to the next level in the governance structure. Critical

risks under different categories of risks at the group level are reviewed by Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and General Counsel in various councils. Critical risks from these councils are presented to the internal Board of Directors and then to the risk and strategy committee of the Board on a quarterly basis.

The key highlights of the ERM framework adopted by Infosys Edgeverve are as follows:

- Two product based sub risk councils (Edge Risk council and Finacle Risk council) comprising of the CEO, CFO, Head of Quality and Head of Risk Management, along with group CRO, review the product road map risks, business strategy risks, people risks, market risks, delivery risks, IP related risks, risks relating to overlapping scope with other units, Edgeverve internal risks, etc., on a quarterly basis.
- All critical Edge and Finacle strategic and strategic execution risks are presented to group strategic and strategic execution risk council (SSERC) on a quarterly basis.
- On a quarterly basis, all the operational, and legal and compliance risks are routed to group operational risk council, and legal and compliance risk council.
- All critical risks pertaining to Edgeverve are discussed in the Edgeverve board meeting.

The day-to-day implementation of the risk management process are undertaken by respective functional teams and their implementation are overseen at the organization level by a Risk Management Core Group comprising members from each of the BEF and operations. On a monthly basis, this team reviews all the incidents, exceptions, and suggests necessary changes to the appropriate policies and standards for implementation and communication to stakeholders.

Please refer to Risk management report in Infosys Annual Report 2017-18 for details of Infosys integrated risks management framework.

Risk management Highlights of the year

During the year, our focus was on extending the adoption of the new integrated ERM framework and strengthening the risk management program. We carried out following risk management activities during last fiscal:

- Regularly assessed strategic threats to our business, especially relating to product roadmap, business strategy, market risks, etc.
- Reviewed key operational risks applicable to Edgeverve and the impact to our business.
- Reviewed legal and compliance risks applicable to Edgeverve and the impact to our business

Corporate Governance Report

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long term interests of all our stakeholders. We believe that an active, well informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective Board is a pre requisite for strong and effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our corporate governance framework ensures that Company makes timely disclosures and shares accurate information regarding financials and performance, as well as the leadership and governance of the Company.

In line with the Company's commitment to good corporate governance practices, the Company has constituted the Audit Committee, and the Nomination and Remuneration Committee consisting of a majority

of independent directors. In addition the Company has also constituted the Corporate Social Responsibility Committee. We have adopted the good corporate governance guidelines in line with holding company to the extent applicable and to help fulfil our corporate responsibility towards stakeholders. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management.

The Company has complied with all norms of corporate governance applicable to the unlisted public company as envisaged under the Companies Act, 2013 and the Rules made thereunder including Secretarial Standards on Board and general meetings issued by the Institute of Company Secretaries of India.

A. Board Composition

Size and Composition of the Board

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2018, the Board consists of six members, two members

with executive responsibility two members were independent directors and two directors were non executive directors of whom one was woman director. The Board periodically evaluates the need for change in its composition and size.

The Composition of the Board and directorships held as of March 31, 2018

Name of director, designation, age and DIN	Category and Date of Appointment	Area of expertise	Highest qualification held	Directorship in Indian listed companies	Directorship held in all companies around the world
D. N. Prahlad Independent Director Age: 62 years DIN: 00504146	Non-Executive and Independent. On Board since January 6, 2017	Developing technology products and software, Computer Science and Automation	B.E. (Electrical technology and Electronics) from Indian Institute of Science, Bangalore	Infosys Limited	<ul style="list-style-type: none"> Surya Software Systems Pvt. Ltd., SOLCEN Technologies Private Limited Infosys BPM Limited
Srinivasan Rajam Independent Director Age: 53 years DIN: 01050837	Non-executive and Independent. On Board, effective July 8, 2014	Digital Signal Processing (DSP) Systems, Online Media Processing, Technology Ventures and Start Up	Master of Engineering in Computer Science from Indian Institute of Science (IISc)	-	Ittiam Systems Pvt. Ltd.
Sanat Rao Director Age: 52years DIN: 07657698	Non-Executive and Non Independent. On Board since November 16, 2016	Banking and Technology	MBA (IIM – Bangalore)	-	-

Nitesh Banga Director Age: 43 years DIN: 08008492	Executive and Non Independent. On Board since December 1, 2017	Software product development, product engineering, cloud technologies, SaaS and enterprise applications	Bachelor in Technology degree from Banaras Hindu University – Institute of Technology	-	-
Deepak Padaki Director Age: 47 years DIN: 7873499	Non-Executive and Non Independent. On Board since July 10, 2017	Overall Strategy and Risk Management	Bachelor of Engineering degree in Computer Science	-	-
Inderpreet Sawhney Director Age: 53 years DIN: 7925783	Non-Executive and Non Independent. On Board since September 1, 2017	Product Architecture and Product Development	LL.B from Delhi University and LL.M from Queen's University, Kingston, Canada	-	<ul style="list-style-type: none"> • Infosys Americas Inc • Infosys Consulting Pte Ltd

Board committees

Currently the Board has constituted three committees: audit committee, corporate social responsibility committee and nomination and remuneration committee. The Committees other than corporate social responsibility committee consists majority of independent directors.

Board and Committee composition as on March 31, 2018

Name of the Director	Board	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee
D. N. Prahlad	Chairman	Chairperson	-	Member
Nitesh Banga	Interim Chief Executive Officer	-	-	-
Sanat Rao	Member	-	-	-
Deepak Padaki	Member	Member	Chairperson	Member
Inderpreet Sawhney	Member	-	Member	Member
Srinivasan Rajam	Member	Member	Member	Chairperson

Directors

Appointment/ re-appointments during the year

Name of the director	Date of appointment
D. N. Prahlad	Appointed as Chairperson of the Board effective August 29, 2017.
Deepak Padaki	Appointed as additional director effective July 10, 2017. Approved by the shareholders at the extra-ordinary general meeting held on September 6, 2017.
Inderpreet Sawhney	Appointed as Additional Director effective September 1, 2017. Approved by the shareholders at the extra-ordinary general meeting held on September 6, 2017
Dr. Vishal Sikka	Appointed as an additional director and Chairman of the Board effective July 10, 2017
Nitesh Banga	Appointed as additional director effective December 1, 2017.

Resignations during the year

Name of the director	Date of resignation
Arun Kumar Krishnan	Retired as Whole-time Director effective April 30, 2017
Sandeep Dadlani	Resigned as a Chairman of the Board and director effective June 23, 2017.
Jonathan Heller	Resigned as Director effective July 10, 2017
Ritika Suri	Resigned as Director effective August 15, 2017
Dr. Vishal Sikka	Resigned as Chairman and Director effective August 24, 2017
Pervinder Johar	Resigned as Chief Executive Officer & Managing Director effective October 13, 2017

Directors retiring by rotation and being eligible, offer themselves for reappointment:

By virtue of provisions of the Companies Act, 2013, Sanat Rao is retiring by rotation and being eligible offers himself for re-appointment. A resolution in this regard is being placed before the Annual General Meeting. The above director satisfies the requirement of Directors' Appointment / Reappointment criteria.

Board membership criteria

The Nomination and Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members including the Chief Executive Officer, executive directors, non-executive, both independent and non-independent directors. Board members are expected to possess the expertise, skills and experience required to manage and guide the Company. Expertise in strategy, technology, finance, quality and human resources is essential. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. The Nomination and Remuneration Committee determines the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "Director Criteria").

Selection and nomination of the directors

The Board is responsible for the selection of the directors (executive, non-executive, and independent / non-independent directors). The Board delegates the screening and selection process involved in selecting the directors to the Nomination and Remuneration committee which consists of a majority of independent directors. The Nomination and Remuneration Committee in turn makes recommendations / nomination for election of directors by the shareholders or nominations for vacancies to be filled by the Board. The detailed policy adopted by the Board is available at our website at <https://www.edgeverve.com/wp-content/uploads/2017/03/nomination-remuneration-policy.pdf>

Board Evaluation

Schedule IV of the Companies Act, 2013 requires the independent directors to review the performance of non-independent directors and the Board as a whole, including the Chairman of the Company and the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of executive

/ non-executive / independent directors through a peer evaluation excluding the director being evaluated.

During the year the performance evaluation was carried out through an interaction method..

In addition the Nomination and Remuneration Committee reframed the responsibilities of each director and adopted the new set of criteria for evaluation of the performance of Directors and the Board approved the same,

Retirement Policy

The age of retirement for all executive directors is 60 years. The nominations committee may, at its discretion, determine their continuation as members of the Board upon superannuation / retirement. The age of retirement for independent directors is 70 years.

Board meetings

During the year, four Board meetings were held in accordance with Section 173 of Companies Act, 2013. The Board met on, April 11, 2017, July 11, 2017, October 17, 2017 and January 9, 2018. The gap between the Board meetings did not exceed 120 days.

Scheduling and selection of agenda items for the Board meetings:

The dates of Board meetings for the subsequent fiscal are decided in advance and published to the directors so as to enable them to block their calendar. The non-executive Chairman of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes, in consultation with the CEO and CFO, and distribute these in advance to the directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary. Independent directors are expected to attend at least four Board meetings in a year. However, with the Board being represented by directors from various parts of the world, it may not be possible for each one of them to be physically present at all the meetings. Hence, we provide video / teleconferencing facilities to enable their participation. Committees of the Board usually meet before the formal Board meeting, or whenever the need arises for transacting business. The Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their commitments do not materially interfere with their responsibilities at EdgeVerve. The quarterly board and committee meetings of the company will be held in line with its holding company, Infosys Limited for consolidation purpose.

Attendance of directors during fiscal 2018

SL No.	Name of the Director	AGM held on June 24 2017	EGM held on Sep 6 2017	No. of Board meetings				Meetings held during director's tenure	Attended	% of Attendance
				1	2	3	4			
1	D.N. Prahlad ⁽¹⁾	P	P	P	P	P	P	4	4	100
2	Nitesh Banga ⁽²⁾	N/A	N/A	N/A	N/A	N/A	P	1	1	100
3	Sanat Rao	LoA	LoA	P	P	P	LoA	4	3	75
4	Srinivasan Rajam	P	LoA	P	P	P	P	4	4	100
5	Deepak Padaki ⁽³⁾	N/A	LoA	N/A	P	P	P	3	3	100
6	Inderpreet Sawhney ⁽⁴⁾	N/A	LoA	N/A	N/A	P	P	2	2	100
7	Sandeep Dadlani ⁽⁵⁾	N/A	N/A	P	N/A	N/A	N/A	1	1	100
8	Pervinder Johar ⁽⁶⁾	LoA	LoA	P	P	N/A	N/A	2	2	100
9	Arun Kumar Krishnan ⁽⁷⁾	N/A	N/A	P	N/A	N/A	N/A	1	1	100
10	Ritika Suri ⁽⁸⁾	LoA	N/A	P	P	N/A	N/A	2	2	100
11	Jonathan Heller ⁽⁹⁾	LoA	N/A	P	N/A	N/A	N/A	1	1	100
12	Dr. Vishal Sikka ⁽¹⁰⁾	N/A	N/A	N/A	P	N/A	N/A	1	1	100

P: Present | LoA: Leave of absence | N/A: Not Applicable

(1). Appointed as Chairman of the Board effective August 29, 2017

(2). Appointed as Additional Director effective December 1, 2017

(3). Appointed as Additional Director effective July 10, 2017 and regularised by shareholders at EGM held on September 6, 2017

(4). Appointed as Additional Director effective September 1, 2017 and regularised by shareholders at EGM held on September 6, 2017

(5). Resigned as Chairman of the Board and director effective June 23, 2017

(6). Resigned as CEO & MD effective October 13, 2017

(7). Retired as Whole-time Director effective April 30, 2017

(8). Resigned as Director effective August 15, 2017

(9). Resigned as Director effective July 10, 2017

(10). Appointed as Chairman and Director effective July 10, 2017 and Resigned as Chairman and Director effective August 24, 2017

Meeting of independent directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings to review the performance of non-independent directors and the Board as a whole; review the performance of the chairperson of the Company, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties. The meeting of independent directors of the Company was held on October 17, 2017 without the presence of non-independent directors and members of the Management.

Remuneration paid or payable to the directors:

During fiscal 2018 the remuneration was paid to Arun Kumar Krishnan, whole-time director and Pervinder Johar, CEO & MD. The details of remuneration paid forms part of Extract of Annual Return in MGT-9 enclosed as Annexure 4 to the Board's report. Sitting fees of ₹ 1 lakh per meeting of the audit committee and the Board and fifty thousand rupees for the committee meetings was paid to independent directors. Other Non-executive directors were not paid any remuneration / commission / fees for the fiscal 2018.

Board committees

The Board has constituted the Audit Committee, Corporate Social Responsibility Committee and the Nomination and Remuneration Committee.

Audit Committee

The audit committee comprised three directors with majority of independent directors. During the year the Audit Committee met four times, on April 11, 2017, July 11, 2017, October 17, 2017 and January 9, 2018.

Scope and terms of reference

- To review the quarterly and annual financial statements before submission to the Board, oversee the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements;
- To review the adequacy and effectiveness of the internal audit function and control systems;
- To focus on the objective of unqualified financial statements;
- To ensure compliance with the provisions of the Companies Act, 2013 wherever applicable
- To recommend appointment, remuneration and terms of appointment of the auditors of the company
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve or modify subsequently the transactions of the company with related parties;
- To order for scrutiny of inter-corporate loans and investments;
- To get undertakings or assets of the company valued, wherever it is necessary;
- To order for investigations on any of the above matters

Audit committee attendance during fiscal 2018

Name of the Director	Designation	No. of Meetings				Meetings held during director's tenure	Attended	% of Attendance
		1	2	3	4			
D. N. Prahlad	Chairperson	P	P	P	P	4	4	100
Srinivasan Rajam	Member	P	P	P	P	4	4	100
Sandeep Dadlani ⁽¹⁾	Member	P	N/A	N/A	N/A	1	1	100
Deepak Padaki ⁽²⁾	Member	N/A	LoA	P	P	3	2	66.67

P: Present | LoA: Leave of absence | N/A: Not Applicable

(1) Ceased to be a member effective June 23, 2017

(2) Appointed as a member effective July 11, 2017

Nomination and Remuneration Committee

The committee is comprised of three members with majority of independent directors. During the year the Nomination and Remuneration Committee met four times, on April 11, 2017, July 11, 2017, October 17, 2017 and January 9, 2018.

Scope and important terms of reference

- To lay down the criteria for appointment, removal and evaluation of the every director's performance;

- To identify persons who are qualified to become directors and who may be appointed in senior Management
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

Nomination and Remuneration committee attendance during the fiscal 2018

Name of the Director	Designation	No. of Meetings				Meetings held during director's tenure	Attended	% of Attendance
		1	2	3	4			
Srinivasan Rajam	Chairperson	P	P	P	P	4	4	100
D.N. Prahlad	Member	P	P	P	P	4	4	100
Deepak Padaki ⁽¹⁾	Member	N/A	LoA	P	P	3	2	66.67
Inderpreet Sawhney ⁽²⁾	Member	N/A	N/A	P	P	2	2	100
Sandeep Dadlani ⁽³⁾	Member	P	N/A	N/A	N/A	1	1	100

P: Present | LoA: Leave of absence | N/A: Not Applicable

(1) Appointed as the member of the committee effective July 11, 2017

(2) Appointed as the member of the committee effective September 1, 2017

(3) Ceased to be member of the committee effective June 23, 2017

Corporate Social Responsibility Committee

As per the requirements of the Companies Act 2013 the Board has constituted corporate social responsibility committee. The Committee comprised three members with an independent director, a whole-time/ executive director and a non-executive director. During the year two meetings were held viz., on October 17, 2017 and January 8, 2018.

Scope and important terms of reference

- To recommend the corporate social responsibility policy for adoption by the Board
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor CSR activities and comply from time to time

Corporate Social Responsibility committee attendance during fiscal 2018

Name of the Director	Designation	No. of Meetings		Meetings held during director's tenure	Attended	% of Attendance
		1	2			
Deepak Padaki	Chairperson	P	P	2	2	100
Srinivasan Rajam	Member	P	P	2	2	100
Inderpreet Sawhney ⁽¹⁾	Member	LoA	P	2	1	50
Sandeep Dadlani ⁽²⁾	Member	NA	NA	0	0	NA

P: Present | LoA: Leave of absence | N/A: Not Applicable

(1) Appointed as the member of the committee effective September 1, 2017

(2) Ceased to be member of the committee effective June 23, 2017

Secretarial Audit

The Board of Directors of the Company appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries to conduct secretarial audit of procedures, records and documents of the Company with regard to governance related compliances. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act 2013. The report of the Secretarial Auditor forms part of Board's report as Annexure 3.

The Board of directors has appointed Parameshwar G. Hegde as Secretarial auditor of the company for the fiscal 2019.

Whistleblower Policy

The Company has adopted the Whistleblower Policy to ensure and promote ethics, transparency and accountability. The whistleblower offers a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Company's code of Conduct or Ethics policy. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. The policy has been posted on the website of the Company under the following link: <https://www.infosys.com/investors/corporate-governance/Documents/whistleblower-policy.pdf>

General body meetings

The details of last three Annual and / or Extraordinary General Meetings are as follows :

Type of General Meeting	Date and Time	Venue	Special Resolutions Passed
Annual General Meeting	June 24, 2017 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100	-
Extraordinary General Meeting	September 6, 2017 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100	Appointment Of Pervinder Johar as Chief Executive Officer and Managing Director
Annual General Meeting	August 31, 2016 at 10.30 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	Appointment of Arun Krishnan as whole-time director
Extraordinary General Meeting	November 30, 2016 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	Revision in Remuneration of Arun Kumar Krishnan, Whole time director.
Annual General Meeting	July 31, 2015 at 3.00 p.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	Transfer of business of Finacle from Infosys Limited, Transfer of business of EdgeServices from Infosys Limited, Alteration of capital clause of Memorandum of Association and Further issue of shares.
Extraordinary General Meeting	December 11, 2015 at 11.00 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	Appointment of Arun Kumar Krishnan as whole- time director, To authorize the Board to borrow, issue of equity shares to Infosys Limited towards discharge of purchase consideration, Issue of debentures to Infosys Limited towards discharge of purchase consideration and Acquisition of Infosys McCamish Systems LLC.

Independent Auditors' Report

To The Members of EDGEVERVE SYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of EDGEVERVE SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Change in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

- e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
 - g) with respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditors’ Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm’s registration number : 117366W/W-100018

Gurvinder Singh
Partner
Membership number: 110128

Bengaluru
April 11, 2018

Annexure “A” to The Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of EdgeVerve Systems Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of EDGEVERVE SYSTEMS LIMITED (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Bengaluru,
April 11, 2018

Annexure 'B' to The Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of EdgeVerve Systems Limited of even date)

- i. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the Order is not applicable.
- ii. The Company is in the business of sale of software licences and providing related software services. Accordingly, it does not have any physical inventories. Thus, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. During the year, the Company has not granted any loan to which the provisions of Section 185 of the Act would be applicable. In respect of other loans, investments, guarantees and securities, the provisions of Section 186 of the Act has been complied with.
- v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3 (vi) of the Order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs duty, Excise duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
Income tax	Tax deduction at Source	Income tax Appellate tribunal (Bengaluru)	FY 2015-16	8	8

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders. The Company does not have any outstanding dues from any financial institution and banks.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Act are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Bengaluru,
April 11, 2018

Balance Sheet

Particulars	Note no.	in ₹ lakh	
		As at March 31, 2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,552	5,345
Capital work-in-progress		–	10
Financial assets			
Loans	2.3	16	28
Other financial assets	2.4	5,690	1
Deferred tax assets, net	2.14	1,631	1,369
Other non-current assets	2.7	1,457	1,555
Income tax assets, net	2.14	19,120	10,557
Total non-current assets		32,466	18,865
Current assets			
Financial assets			
Investments	2.2	4,263	2,939
Trade receivables	2.5	11,660	12,818
Cash and cash equivalents	2.6	3,810	2,160
Loans	2.3	521	626
Other financial assets	2.4	27,661	27,343
Other current assets	2.7	7,650	7,939
Total current assets		55,565	53,825
Total assets		88,031	72,690
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(2,70,917)	(3,02,696)
Total equity		(1,39,733)	(1,71,512)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1,83,659	2,12,900
Other non-current liabilities	2.12	416	–
Total non-current liabilities		1,84,075	2,12,900
Current liabilities			
Financial liabilities			
Trade payables	2.11	9,163	47
Other financial liabilities	2.10	21,841	21,433
Other current liabilities	2.12	11,749	9,819
Provisions	2.13	936	3
Total current liabilities		43,689	31,302
Total equity and liabilities		88,031	72,690

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/ W-100018

for and on behalf of the Board of Directors of
Edgeverve Systems Limited

Gurvinder Singh
Partner
Membership number : 110128

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Profit and Loss

in ₹ lakh, except equity share and per equity share data

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue from operations		2,43,915	2,35,141
Other income, net	2.15	1,153	1,443
Total Income		2,45,068	2,36,584
Expenses			
Employee benefit expenses	2.16	82,161	92,053
Cost of technical sub-contractors		39,278	29,430
Travel expenses	2.16	11,816	13,021
Cost of software packages and others	2.16	22,458	17,695
Consultancy and professional charges		10,508	10,992
Depreciation expense	2.1	2,562	3,815
Finance Cost		15,580	19,713
Other expenses	2.16	15,296	13,987
Total expenses		1,99,659	2,00,706
Profit before tax		45,409	35,878
Tax expense			
Current tax	2.14	14,479	11,796
Deferred tax	2.14	(264)	(466)
Profit for the year		31,194	24,548
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		585	81
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income, net of tax		585	81
Total comprehensive income for the year		31,779	24,629
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		2.38	1.87
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		1,31,18,40,000	1,31,18,40,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number: 117366W/ W-100018

for and on behalf of the Board of Directors of
Edgeverve Systems Limited

Gurvinder Singh
Partner
Membership number: 110128

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Reserve and surplus		Business transfer adjustment reserve (2)	Other comprehensive income	
		Retained earnings	Debenture redemption reserve (1)			
Balance as of April 1, 2016	1,31,184	18,818	–	(3,44,760)	(1,383)	(1,96,141)
Changes in equity for the year ended March 31, 2017						–
Transfer to debenture redemption reserve	–	(24,548)	–	–	–	(24,548)
Transfer from retained earnings	–	–	24,548	–	–	24,548
Profit for the year	–	24,548	–	–	81	24,629
Balance as of March 31, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Balance as of April 1, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Changes in equity for the year ended March 31, 2018						–
Transfer to debenture redemption reserve	–	(24,202)	–	–	–	(24,202)
Transfer from retained earnings	–	–	24,202	–	–	24,202
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	585	585
Profit for the year	–	31,194	–	–	–	31,194
Balance as of March 31, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)

(1) The Company has created Debenture Redemption Reserve required under Sec 71 of Companies Act, 2013, from the profit.

(2) On adoption of Ind AS, the goodwill and intangible assets have been reversed and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103 which requires common control transactions to be recorded at book values.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
for Deloitte Haskins & Sells LLP
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Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Cash flow from operating activities		
Profit for the year	31,194	24,548
Adjustments to reconcile net profit to net cash generated by operating activities		
Depreciation expense	2,562	3,815
Income tax	14,215	11,330
Allowance for credit losses on financial assets	20	103
Provision / (reversal) for sales and customer support	934	–
Loss on sale of fixed assets	28	–
Finance cost	15,580	19,713
Interest and dividend income	(469)	(562)
(Gain) / loss on investments	(489)	–
Exchange difference on translation of assets and liabilities	293	(215)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,718	23,418
Loans, other financial assets and other assets	(6,228)	(5,122)
Trade payables	9,060	21
Other financial liabilities, other liabilities and provisions	8,997	949
Cash generated from operations	77,415	77,998
Income taxes paid	(23,042)	(12,962)
Net cash generated by operating activities	54,373	65,036
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(1,724)	(5,246)
Loans to employees	117	376
Payments to acquire financial assets		
Liquid mutual fund units	(1,37,708)	(1,63,333)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,36,875	1,63,563
Interest and dividend received on investments	490	544
Net cash generated / used in investing activities	(1,950)	(4,096)
Cash flow from financing activities		
Repayment of debenture to holding company	(34,900)	(42,000)
Interest paid	(15,580)	(19,713)
Net cash used in financing activities	(50,480)	(61,713)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(293)	215
Net increase / (decrease) in cash and cash equivalents	1,650	(558)
Cash and cash equivalents at the beginning of the year	2,160	2,718
Cash and cash equivalents at the end of the year	3,810	2,160
Supplementary information:		
Restricted cash balance	19	731

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
for Deloitte Haskins & Sells LLP
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Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Notes to the Financial Statements

1. Company overview and significant accounting policies

1.1 Company overview

EdgeVerve Systems Limited (“the Company”) is a limited company incorporated in India. It is a wholly-owned subsidiary of Infosys Limited. The address of its registered office is Plot No. 44, Electronic City, Hosur Main Road, Bengaluru 560100, Karnataka, India. The Company defines, develops and operates innovative cloud-hosted business platforms and software products as part of the Edge Suite of products or Finacle product which can be deployed either on premises or on cloud environments depending on its products. The Company provides implementation, integration and support services to help its customers realize benefits from software solutions.

With effect from 1 August 2015, ‘Finacle’ and ‘Edge Services’ business of Infosys Limited was transferred to the Company. The purchase consideration for the transfer was discharged by way of issue and allotment of equity shares and non-convertible unsecured debentures.

The financial statements are approved by the Company’s Board of Directors on April 11, 2018.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards Ind AS, under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 (‘the Act’) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Amounts for the year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the quarter and year figures are taken from the source and rounded to the nearest digit, the figures already reported for all the quarters during the year might not always add up to the year figures reported in the statements.

1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates,

judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note. 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Critical accounting estimates

a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. The use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company’s assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

1.5 Revenue recognition

Revenue is primarily derived from the licensing of software products and related services. Arrangements with customers for related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings

are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized rateably over the period in which the services are rendered.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discount or incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount or incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot

be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post-sales client support

The Company provides its clients with a fixed-period post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded in the Statement of Profit and Loss. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs, directly attributable to the acquisition are capitalized until property, plant and equipment are ready for use as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Plant and machinery ⁽¹⁾	5 years
Computer equipment ⁽¹⁾	3-5 years
Furniture and fixtures ⁽¹⁾	5 years
Office equipment ⁽¹⁾	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

⁽¹⁾ Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for

these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 Intangible assets

Research costs are expensed as incurred. Software development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The cost which can be capitalized include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

1.9 Financial instruments

1.9.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are at fair value are recognised immediately in the statement of profit or loss. Regular way purchase and sale of financial assets are accounted for at trade date.

1.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.9.3 Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.10 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer to Note 2.8 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for

trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit or Loss.

b. Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit ('CGU') to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit And Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.12 Retirement benefits to employees

a Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability / (asset) are recognized in other comprehensive

income, net of taxes. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

b Superannuation

Certain employees of EdgeVerve are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

d Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expenses on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian Rupees (rounded off to lakh).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are

translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.14 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. Business combinations between entities under common control is accounted for using pooling of interests method. Accordingly the assets and liabilities of the combining entities are accounted for at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor are recognized in a separate reserve.

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized on net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Income tax for current and prior year is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed

by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Amendment to Ind AS 7

The Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material the effect on the financial statements.

1.18 Borrowing costs

Borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.19 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. All other lease are classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit And Loss over the lease term.

1.20 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards)

Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This rule will come into force from April 1, 2018. The Company has evaluated the effect of this and it is not material.”

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature,

amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach: This approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach: Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.
- The effective date for adopting Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using use the cumulative catch-up transition method and accordingly comparatives for the year ending March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.1 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018:

in ₹ lakh

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2017	42	151	9,737	89	10,019
Additions	18	13	1,811	36	1,878
Deletions	42	–	2,159	41	2,242
Gross carrying value as of March 31, 2018	18	164	9,389	84	9,655
Accumulated depreciation as of April 1, 2017	9	40	4,602	23	4,674
Depreciation	16	38	2,466	41	2,562
Accumulated depreciation on deletions	21	–	2,089	23	2,133
Accumulated depreciation as of March 31, 2018	5	78	4,979	41	5,103
Carrying value as of March 31, 2018	13	86	4,410	43	4,552

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

in ₹ lakh

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	8	121	6,977	17	7,123
Additions	34	30	5,100	72	5,236
Deletions	–	–	2,340	–	2,340
Gross carrying value as of March 31, 2017	42	151	9,737	89	10,019
Accumulated depreciation as of April 1, 2016	2	6	3,190	1	3,199
Depreciation	7	34	3,752	22	3,815
Accumulated depreciation on deletions	–	–	2,340	–	2,340
Accumulated depreciation as of March 31, 2017	9	40	4,602	23	4,674
Carrying value as of March 31, 2017	33	111	5,135	66	5,345

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	4,263	2,939
Total investments	4,263	2,939
Market value of unquoted investments	4,263	2,939
Liquid mutual funds		

The balances held in liquid mutual fund units are as follows:

in ₹ lakh

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Particulars				
Aditya Birla Sun Life Cash Plus Direct Growth Plan	2,68,992	751	11,24,618	2,939
ICICI Prudential Liquid Direct plan	13,65,687	3,512	–	–
	16,34,679	4,263	11,24,618	2,939

The fair value of liquid mutual funds as of March 31, 2018 and March 31, 2017 is ₹4,263 lakh and ₹2,939 lakh, respectively.

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-current		
Other loans		
Loans to employees	16	28
	16	28

Particulars	As at March 31,	
	2018	2017
Current		
Unsecured, considered doubtful		
Loans to employees	7	2
Less: Allowances for doubtful loans to employees	7	2
	–	–
Other loans		
Loans to employees	521	626
	521	626
Total loans	537	654

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-current		
Other customer receivables	5,689	–
Security deposits	1	1
	5,690	1
Current		
Restricted Deposits	3,906	3,227
Unbilled revenues ⁽¹⁾	23,390	23,970
Interest accrued but not due	5	26
Others ⁽²⁾	360	120
	27,661	27,343
	33,351	27,344
Financial assets carried at amortized cost	33,351	27,344
⁽¹⁾ Includes dues from fellow subsidiaries (Refer to Note 2.22)	593	19
⁽²⁾ Includes dues from fellow subsidiaries (Refer to Note 2.22)	2	–

2.5 Trade receivables

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Unsecured		
Considered good ⁽¹⁾	11,660	12,818
Considered doubtful	73	103
	11,733	12,921
Less: Allowances for credit losses	73	103
	11,660	12,818
	11,660	12,818
⁽¹⁾ Includes dues from fellow subsidiaries (Refer to Note 2.22)	630	200

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Balances with banks		
In current and deposit accounts	3,810	2,160
	3,810	2,160
Deposit accounts with more than 12 months maturity	19	705
Balances with banks held as margin money deposits against guarantees	19	731

Cash and cash equivalents as of March 31, 2018 and March 31, 2017 include restricted cash and bank balances of ₹19lakh and ₹731 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The deposits which are maintained by the Company with banks and financial institutions comprises of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
In current accounts		
ICICI Bank, India	858	161
ICICI Bank, EEFC US Dollar account)	574	186
State Bank of India	9	4
	1,441	351
In deposit accounts		
ICICI Bank	2,369	1,809
	2,369	1,809
Total cash and cash equivalents	3,810	2,160

2.7 Other assets

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-Current		
Capital advances	–	7
Prepaid expenses	29	111
	29	118
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.18)	1,428	1,437
	1,457	1,555
Current		
Advance other than capital advances		
Payment to vendors for supply of goods / services	223	230
Balance with Government authorities	342	2,549
Others		
Prepaid expenses	1,771	1,288
Withholding and other taxes receivable	5,314	3,872
	7,650	7,939

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

in ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets								
Cash and cash equivalents	2.6	3,810	–	–	–	–	3,810	3,810
Investments-liquid mutual funds	2.2	–	–	4,263	–	–	4,263	4,263
Trade receivables	2.5	11,660	–	–	–	–	11,660	11,660
Loans	2.3	537	–	–	–	–	537	537
Other financial assets	2.4	33,351	–	–	–	–	33,351	33,351

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Total		49,358	–	4,263	–	–	53,621	53,621
Liabilities								
Trade payables	2.11	9,163	–	–	–	–	9,163	9,163
Non-convertible debentures ⁽¹⁾	2.10	1,78,000	–	–	–	–	1,78,000	1,78,000
Other financial liabilities	2.10	27,500	–	–	–	–	27,500	27,500
Total		2,14,663	–	–	–	–	2,14,663	2,14,663

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

in ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets								
Cash and cash equivalents	2.6	2,160	–	–	–	–	2,160	2,160
Investments-liquid mutual funds	2.2	–	–	2,939	–	–	2,939	2,939
Trade receivables	2.5	12,818	–	–	–	–	12,818	12,818
Loans	2.3	654	–	–	–	–	654	654
Other financial assets	2.4	27,344	–	–	–	–	27,344	27,344
Total		42,976	–	2,939	–	–	45,915	45,915
Liabilities								
Trade payables	2.11	47	–	–	–	–	47	47
Non-convertible debentures ⁽¹⁾	2.10	2,12,900	–	–	–	–	2,12,900	2,12,900
Other financial liabilities	2.10	21,433	–	–	–	–	21,433	21,433
Total		2,34,380	–	–	–	–	2,34,380	2,34,380

⁽¹⁾ The carrying value of debentures approximates fair value as the instruments are at prevailing market rates

Fair value hierarchy

Level: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

in ₹ lakh

Particulars	As on March 31, 2018	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	4,263	4,263	–	–

Particulars	As on March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	2,939	2,939	–	–

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018:

in ₹ lakh

Particulars	USD	EUR	GBP	AUD	Other currencies	Total
Cash and cash equivalents	574	–	–	–	–	574
Trade receivables	7,069	197	–	–	508	7,774
Other financial assets (including loans)	4,611	237	74	(364)	362	4,920
Trade payables	(101)	(61)	(9)	–	(9)	(180)
Other financial liabilities	(3,530)	(16)	(11)	(391)	(381)	(4,329)
Net assets / (liabilities)	8,623	357	54	(755)	480	8,759

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

in ₹ lakh

Particulars	USD	EUR	GBP	AUD	Other currencies	Total
Cash and cash equivalents	186	–	–	–	–	186
Trade receivables	9,411	61	–	–	194	9,665
Other financial assets (including loans)	10,359	1,084	531	1,711	2,290	15,974
Other financial liabilities	(869)	(10)	–	2	(396)	(1,273)
Net assets / (liabilities)	19,086	1,135	531	1,713	2,087	24,552

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹11,660 lakh and ₹12,818 lakh as of March 31, 2018 and March 31, 2017 respectively and unbilled revenue amounting to ₹23,390 lakh and ₹23,970 lakh as of March 31, 2018 and March 31, 2017, respectively. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses a provision matrix to compute the expected credit losses on the customer balances based on internal and external factors.

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 and March 31, 2017 was ₹16 lakh and ₹140 lakh, respectively.

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	136	2
Provisions recognized	16	140
Write-offs	–	–
Translation differences	2	(6)
Balance at the end	154	136

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2018, the Company had a working capital of ₹11,876 lakh including cash and cash equivalents of ₹3,810 lakh and current investments of ₹4,263 lakh. As of March 31, 2017, the Company had a working capital of ₹22,523 lakh including liquid assets such as cash and cash equivalents of ₹2,160 lakh and current investments of ₹2,939 lakh.

As of March 31, 2018 and March 31, 2017, the outstanding compensated absences were ₹3,009 lakh and ₹2,822 lakh, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2018 are as follows:

Particulars	in ₹ lakh				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	9,163	–	–	–	9,163
Other liabilities excluding non convertible debentures*	19,248	1,886	3,773	–	24,907
	28,411	1,886	3,773	–	34,070

Particulars	in ₹ lakh				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	47	–	–	–	47
Other liabilities excluding non convertible debentures ⁽¹⁾	21,433	–	–	–	21,433
	21,480	–	–	–	21,480

⁽¹⁾ The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.

2.9 Equity

Share capital

Particulars	in ₹ lakh, except as otherwise stated	
	As at March 31,	
	2018	2017
Authorized		
Equity shares, ₹10/- par value		
4,100,000,000 (Previous year 4,100,000,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value		
1,311,840,000 (Previous year 1,311,840,000) equity shares	1,31,184	1,31,184
	1,31,184	1,31,184

The Company has only one class of shares referred to as equity shares having a par value of ₹10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently.

The details of shareholder holding more than 5% shares as at March 31, 2018 and March 31, 2017 are set out below:

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital are as follows:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000
Add: Shares issued	–	–	–	–
Number of shares at the end of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000

2.10 Other financial liabilities

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-current		
Non-convertible debentures * ⁽¹⁾	1,78,000	2,12,900
Other payables	5,659	–
	1,83,659	2,12,900
Current		
Accrued compensation to employees	4,337	3,357
Capital creditors	56	–
Compensated absences	3,009	2,822
Accrued expenses ⁽²⁾	13,651	14,548
Other payables ⁽³⁾	788	706
	21,841	21,433
Total financial liabilities	2,05,500	2,34,333
Financial liability carried at amortized cost	2,05,500	2,34,333
* The interest rate for the debentures as of March 31, 2018 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 7.692%. The interest payment term would be as may be decided mutually between the parties. The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.		
⁽¹⁾ Includes dues to holding company (Refer to Note 2.22)	1,78,000	2,12,900
⁽²⁾ Includes dues to holding company (Refer to Note 2.22)	3,184	4,524
⁽³⁾ Includes dues to fellow subsidiaries (Refer to Note 2.22)	412	198

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Trade payables ⁽¹⁾	9,163	47
	9,163	47
⁽¹⁾ Includes dues to holding company / fellow subsidiaries (Refer to Note 2.22)	405	6

As at March 31, 2018 and March 31, 2017, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-Current		
Deferred rent	416	–
	416	–
Current		
Unearned revenue	7,815	7,724

Particulars	As at March 31,	
	2018	2017
Withholding and others	3,934	2,095
	11,749	9,819

2.13 Provisions

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Others		
Post-sales client support	936	3
	936	3

The movement in provision for post-sales client support is as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	3	562
Provisions recognized / (reversal)	934	(560)
Translation differences	(1)	1
Balance at the end	936	3

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Current taxes	14,479	11,796
Deferred taxes	(264)	(466)
Income tax expense	14,215	11,330

Current tax expense for the year ended March 31, 2018 and March 31, 2017 includes provisions / (reversal) amounting to ₹(124) lakh and ₹4,136 lakh respectively pertaining to prior periods.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Profit before income taxes	45,409	35,878
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	15,716	12,417
Tax effect due to non-taxable income for Indian tax purposes	–	(44)
Overseas taxes, net of FTC	1,030	494
Prior year taxes	(124)	4,136
Effect of exempt non-operating income	–	(134)
Effect of differential overseas tax rates	–	13
Effect of non-deductible expenses	(19)	20

Particulars	As at March 31,	
	2018	2017
Additional deduction on research and development expense	(2,173)	(5,627)
Others	(215)	55
Income tax expense	14,215	11,330

The applicable Indian statutory tax rates for fiscal 2018 and fiscal 2017 is 34.61%.

The details of income tax assets and income tax liabilities are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Income tax assets	47,706	25,721
Current income tax liabilities	28,586	15,164
Net current income tax assets at the end	19,120	10,557

The gross movement in the current income tax asset are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Net current income tax assets at the beginning	10,557	9,885
Income tax paid	23,042	12,960
Current income tax expense (Refer to Note 2.14)	(14,479)	(12,288)
Net current income tax assets at the end	19,120	10,557

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Deferred income tax assets		
Trade receivables	317	49
Compensated absences	1,052	977
MAT credit entitlement	-	494
Others	490	153
Total deferred income tax assets	1,859	1,673
Deferred income tax liabilities		
Property, plant and equipment	228	304
Total deferred income tax liabilities	228	304
Deferred income tax assets after set off	1,631	1,369
Deferred income tax liabilities after set off	-	-

The gross movement in the deferred income tax account is as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Net deferred income tax asset at the beginning	1,369	409
Credits relating to temporary differences (Refer to Note 2.14)	264	958
Temporary differences on other comprehensive income	(2)	2
Net deferred income tax asset at the end	1,631	1,369

MAT credit are being recognized if there is convincing evidence that the Company will pay normal tax and the resultant asset can be measured reliably. The income tax paid under MAT provisions being over and above normal tax liability can be carried forward for a period of ten years from the year of recognition (with effect from AY 2018-19, MAT credit can be carried forward up to fifteen years from the year of recognition) and is available for set off against future tax liabilities computed under normal tax provisions, to the extent of excess of MAT liability. The Deferred income tax asset for MAT credit entitlement is Nil and ₹ 494 lakh as on March 31, 2018 and March 31, 2017 respectively.

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.15 Other income

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Interest received on financial assets-carried at amortized cost:		
Deposits with banks and others	469	340
Dividend received on investments carried at fair value through profit or loss	-	222
Exchange gain / (loss) on translation of other assets and liabilities	42	714
Gain / (loss) on investment carried at fair value through profit or loss	489	-
Miscellaneous income	153	167
	1,153	1,443

2.16 Expenses

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	77,661	87,269
Contribution to provident and other funds	3,568	3,940
Staff welfare	932	844
	82,161	92,053
Travel expenses		
Overseas travel expenses	10,449	11,794
Travelling and conveyance	1,367	1,227
	11,816	13,021
Cost of software packages and others		
For own use	3,971	2,021
Third party items bought for service delivery to clients	18,487	15,674
	22,458	17,695
Other expenses		
Repairs and maintenance	2,320	2,276
Brand and marketing	2,128	2,416
Communication expenses	878	835
Operating lease payments (Refer to Note 2.17)	5,231	5,055
Rates and taxes	75	222
Commission charge	2,249	2,738
Fuel and power	727	347
Consumables	224	129
Provision for post-sales client support	934	(560)
Commission to non-whole time directors	20	18
Impairment loss recognized on financial assets	20	140
Contributions towards Corporate Social Responsibility	155	–
Auditors' remuneration		
Statutory audit fees	25	36
Others	310	335
	15,296	13,987

2.17 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the year and the obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Lease rentals recognized during the year	5,231	5,055

in ₹ lakh

Lease obligations payable ⁽¹⁾	As at March 31,	
	2018	2017
Within one year of the Balance Sheet date	705	656
Due in a period between one year and five years	3,213	210
Due after five years	2,161	–

The operating lease arrangements, are renewable on a periodic basis and are extendable upto a maximum of ten years from the date of inception and relates to rented premises and have price escalation clauses.

⁽¹⁾ Lease obligation payable as on March 31, 2018 pertains to balance period of entire lease term.

2.18 Employee benefits

Gratuity

The funded status of the gratuity plans and the amounts recognized in the Company's financial statements are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Change in benefit obligations		
Benefit obligations at the beginning	7,058	6,091
Service cost	915	869
Interest expense	456	460
Transfer of obligation	(311)	254
Remeasurements - Actuarial (gains) / losses	(758)	(29)
Benefits paid	(640)	(587)
Benefit obligations at the end	6,720	7,058
Change in plan assets		
Fair value of plan assets at the beginning	8,496	6,165
Interest income	553	521
Transfer of assets	(344)	124
Remeasurements-Return on plan assets excluding amounts included in interest income	83	73
Contributions	–	2,200
Benefits paid	(640)	(588)
Fair value of plan assets at the end	8,148	8,495
Funded status	1,428	1,437
Prepaid gratuity benefit	1,428	1,437

Amount recognized in the Statement of Profit and Loss under employee benefit expenses:

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Service cost	915	869
Net interest on the net defined benefit liability / asset	(97)	(61)
Net gratuity cost	818	808

Amount recognized in Statement of Other Comprehensive Income

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(758)	(29)
	(83)	(73)
	(841)	(102)

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
(Gain) / loss from change in financial assumptions	(364)	539
(Gain) / loss from change in experience	(394)	(568)
	(758)	(29)

The weighted-average assumptions used to determine benefit obligations are as follows

Particulars	As at March 31,	
	2018	2017
Discount rate	7.5%	6.9%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost are as follows

Particulars	Years ended March 31,	
	2018	2017
Discount rate	7.5%	6.9%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	6.1 years	6.1 years

As of March 31, 2018, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹ 582 lakh.

As of March 31, 2018, every percentage point increase / decrease in weighted average rate of increase in compensation level will affect our gratuity benefit obligation by approximately ₹ 522 lakh.

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is not probable, and changes in some of the assumptions may be correlated.

Gratuity is applicable only to employees drawing a salary in Indian Rupees and there are no other foreign defined benefit plans.

The Company contributes all ascertained liabilities towards gratuity to the Edgeverve Systems Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2018 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2018 and March 31, 2017 were ₹ 636 lakh and ₹ 594 lakh respectively.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Maturity profile of defined benefit obligation:

in ₹ lakh

	in ₹ lakh
Within 1 year	600
1-2 year	614
2-3 year	679
3-4 year	804
4-5 year	835
5-10 years	5,037

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

2.19 Provident fund

The Company contributed ₹ 2,104 lakh during the year ended March 31, 2018 (₹ 1,955 lakh for the year ended March 31, 2017).

2.20 Superannuation

The Company contributed ₹ 615 lakh during the year ended March 31, 2018 (₹ 693 lakh for the year ended March 31, 2017).

2.21 Contingent liabilities and commitments (to the extent not provided for)

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Contingent liabilities		
Claims against the Company, not acknowledged as debts ⁽¹⁾	8	–
Commitments		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	733	1,255

⁽¹⁾ As at March 31, 2018, claims against the Company not acknowledged as debts in respect of income tax matters amounts to ₹ 8 lakh. These matters are pending before Income Tax Appellate Tribunal (ITAT) and the Management and its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims is Nil.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's Management does not reasonably expect that

these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

2.22 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at March 31,	
		2018	2017
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of the subsidiary	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
Lodestone Management Consultants GmbH (Lodestone Austria) ⁽¹⁾	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA ⁽²⁾	Chile
Infosys Arabia Limited ⁽³⁾	Saudi Arabia
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽⁴⁾	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Ltd. ⁽⁵⁾⁽⁶⁾	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o. ⁽⁷⁾	Czech Republic
Infosys Poland, Sp z.o.o. ⁽⁷⁾	Poland
Infosys McCamish Systems LLC ⁽⁷⁾	US
Portland Group Pty Ltd ⁽⁷⁾	Australia
Infosys BPO Americas LLC. ⁽⁷⁾	US
Infosys Consulting Holding AG (formerly Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc. ⁽⁴⁾⁽⁸⁾	US
Infosys Management Consulting Pty Limited ⁽⁸⁾	Australia
Infosys Consulting AG ⁽⁸⁾	Switzerland
Infosys Consulting GmbH ⁽⁸⁾	Germany
Infosys Consulting SAS ⁽⁸⁾	France
Infosys Consulting s.r.o. ⁽⁸⁾	Czech Republic
Lodestone Management Consultants Co., Ltd. ⁽⁸⁾	China
Infy Consulting Company Ltd ⁽⁸⁾	UK
Infy Consulting B.V. ⁽⁸⁾	The Netherlands
Infosys Consulting Sp. z.o.o. ⁽⁸⁾	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽⁸⁾	Portugal
S.C. Infosys Consulting S.R.L. ⁽⁸⁾	Romania
Infosys Consulting S.R.L. ⁽⁸⁾	Argentina
Lodestone GmbH ⁽⁸⁾⁽⁹⁾	Switzerland
Lodestone Augmentis AG ⁽¹⁰⁾⁽¹¹⁾	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) ⁽¹²⁾	Belgium
Infosys Consulting Ltda. ⁽¹²⁾	Brazil
Panaya Inc. (Panaya)	US
Panaya Ltd. ⁽¹³⁾	Israel
Panaya GmbH ⁽¹³⁾	Germany
Panaya Japan Co. Ltd ⁽⁴⁾⁽¹³⁾	Japan
Panaya Pty Ltd. ⁽¹³⁾⁽¹⁴⁾	Australia
Noah Consulting LLC (Noah) ⁽¹⁵⁾	US
Noah Information Management Consulting Inc. (Noah Canada) ⁽¹⁶⁾⁽¹⁷⁾	Canada
Brilliant Basics Holdings Limited ⁽¹⁸⁾	UK
Brilliant Basics Limited ⁽¹⁹⁾	UK

Name of the subsidiary	Country
Brilliant Basics (MENA) DMCC ⁽¹⁹⁾	Dubai
Infosys Consulting Pte Limited ⁽¹⁾	Singapore
Infosys Middle East FZ LLC ⁽²⁰⁾	Dubai

⁽¹⁾ Wholly-owned subsidiary of Infosys Limited

⁽²⁾ Incorporated effective November 20, 2017

⁽³⁾ Subsidiary of Infosys Limited

⁽⁴⁾ Under liquidation

⁽⁵⁾ Wholly-owned subsidiary of Infosys Public Services, Inc.

⁽⁶⁾ Liquidated effective May 9, 2017

⁽⁷⁾ Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).

⁽⁸⁾ Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁹⁾ Liquidated effective December 21, 2016

⁽¹⁰⁾ Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

⁽¹¹⁾ Liquidated effective October 5, 2016

⁽¹²⁾ Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽¹³⁾ Wholly-owned subsidiary of Panaya Inc.

⁽¹⁴⁾ Liquidated effective November 16, 2016

⁽¹⁵⁾ Liquidated effective November 9, 2017

⁽¹⁶⁾ Wholly-owned subsidiary of Noah

⁽¹⁷⁾ Liquidated effective December 20, 2017

⁽¹⁸⁾ On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer note no. 2.1

⁽¹⁹⁾ Wholly-owned subsidiary of Brilliant Basics Holding Limited.

⁽²⁰⁾ Wholly-owned subsidiary of Infosys Consulting Pte Ltd

List of associates	Country
DWA Nova LLC ⁽¹⁾⁽²⁾	US

⁽¹⁾ Associate of Infosys Nova Holdings LLC

⁽²⁾ DWA Nova LLC, has been liquidated w.e.f November 17, 2017

List of other related parties

Name of the entity	Country	Nature of relationship
Edgeverve Systems Limited Employees Gratuity Fund Trust	India	Post-employment benefit plan of Edgeverve
Edgeverve Systems Limited Employees Superannuation Fund Trust	India	Post-employment benefit plan of Edgeverve

List of key management personnel

Directors

- Srinivasan Rajam (appointed on July 8, 2014)
- Jonathan Heller (resigned on July 10, 2017)
- Sanat Rao (appointed on November 16, 2016)
- Ritika Suri (resigned on August 15, 2017)
- D N Prahlad (appointed on January 6, 2017)
- Sanjay Purohit (resigned on September 30, 2016)
- Roopa Kudva (resigned on November 11, 2016)
- Arun Krishnan (resigned on April 30, 2017)
- Sandeep Dadlani (resigned on June 23, 2017)
- Deepak Padaki (appointed on July 10, 2017)
- Inderpreet Sawhney (appointed on September 1, 2017)
- Pervinder Johar (resigned on October 13, 2017)
- Nitesh Banga (appointed on December 1, 2017)
- Executive officers
- Prem Pereira, Chief Financial Officer
- Sudhir Shridhar Gaonkar, Company Secretary

The details of amounts due to or due from related parties are as follows:

Particulars	As at March 31,	
	2018	2017
	in ₹ lakh	
Trade receivables		
Infosys Public Services	49	7
Infosys BPM Limited	3	–
Infosys Poland	135	–
Infosys China	443	193
	630	200
Other receivables		
Infosys China	1	–
Infosys Mexico	1	–
	2	–
Non convertible debentures		
Infosys Limited	1,78,000	2,12,900
	1,78,000	2,12,900
Trade payables		
Infosys Limited	318	(2)
Infosys Consulting	61	–
Infosys BPM Limited	26	8
	405	6
Other payables		
Infosys BPM Limited	–	22
Infosys China	–	24
Infosys Mexico	32	–
Panaya Ltd.	380	152
	412	198
Unbilled Revenue		
Infosys Public Services	315	10
Infosys Consulting (Singapore)	74	–
Infosys China	33	–
Infosys BPM Limited	126	–
Infosys Poland	45	9
	593	19
Accrued expenses		
Infosys Limited	3,184	4,524
	3,184	4,524

Note: Excludes certain balances due to / from Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.

Particulars	Years ended March 31,	
	2018	2017
	in ₹ lakh	
CAPITAL TRANSACTIONS		
Financing transactions		
Debtentures		
Infosys Limited	(34,900)	(42,000)
Revenue transactions		
Sale of services		
Infosys Public Services	494	141
Infosys Poland	231	–
Infosys China	278	177

Particulars	Years ended March 31,	
	2018	2017
Infosys Consulting (Singapore)	74	–
Infosys BPM Limited	698	120
	1,775	438
Purchase of shared services including facilities and personnel		
Infosys Limited	44,742	34,445
Infosys Mexico	176	–
Infosys Consulting	271	–
Infosys BPM Limited	306	251
Panaya Ltd.	1,470	1,288
	46,965	35,984
Finance cost		
Infosys Limited	15,580	19,713

Note: Excludes certain transactions with Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.

Transaction with key managerial personnel

The compensation given to key managerial personnel which comprise directors and executive officers:

Particulars	Years ended March 31,	
	2018	2017
	in ₹ lakh	
Salaries and other employee benefits to whole-time directors and executive officers	1,039	221
Commission and other benefits to non-executive / independent directors	20	18
Total	1,059	239

2.23 Research and development expenditure

Particulars	Year ended March 31,	
	2018	2017
	in ₹ lakh	
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) ⁽¹⁾		
Capital Expenditure	–	–
Revenue Expenditure	12,560	16,258
Other R&D Expenditure		
Capital Expenditure	–	–
Revenue Expenditure	19,980	23,909
Total R&D Expenditure		
Capital Expenditure	–	–
Revenue Expenditure	32,540	40,167

⁽¹⁾ During the year ended March 31, 2018 and March 31, 2017, the Company has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2020 and upto March 31, 2017 respectively. The weighted tax deduction is equal to 150% and 200% respectively of such expenditure incurred.

2.24 Segment-reporting

The Company's business activity, falls within a single primary business segment, i.e. providing products and platforms and related services. Accordingly, disclosures as required under Ind AS 108, Segment-Reporting, has not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.

2.25 Corporate social responsibility

As per Section 135 of the Companies Act 2013, a corporate social responsibility (CSR) committee was formed by the Company. The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural development projects. The funds will be allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹ 155 lakh.

b) The details of the amount spent during the year on CSR activities are as follows:

in ₹ lakh

S l . No.	Particulars	In cash	To be paid in cash	Total
(i)	Construction/acquisition of any asset	–	–	–
(ii)	For purposes other than (i) above	155	–	155

2.26 Function wise classification of Statement of Profit and Loss

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Revenue from operations	2,43,915	2,35,141
Cost of sales	1,44,685	1,38,191
Gross profit	99,230	96,950
Selling and marketing expenses	17,350	19,935
General and administration expenses	22,044	22,867
Total operating expenses	39,394	42,802
Operating profit	59,836	54,148
Other Income	1,153	1,443
Profit before interest and tax	60,989	55,591
Finance cost	15,580	19,713
Profit before tax	45,409	35,878
Tax expense:		
Current tax	14,479	11,796
Deferred tax	(264)	(466)
Profit for the year	31,194	24,548
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	585	81
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	585	81
Total comprehensive income for the year	31,779	24,629

for and on behalf of the Board of Directors of Edgeverve Systems Limited

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11 , 2018

Locations – EdgeVerve Systems Limited

India

Bengaluru

45 and 46, Electronics City
Phase I, Hosur Road,
Bengaluru 560 100

Equinox,

Plot 47, Sy. No. 10, Electronics
City Phase I, Hosur Road,
Bengaluru 560 100
Tel: 91 80 3952 2222
Fax : 91 80 2852 1300

Gold Hill Supreme Software Park,

1st and 5th Floor, North Wing,
Plot No. 21, 22, 27 and 28,
Konappana Agrahara Village,
Begur Hobli, Electronics City
Phase II, Bengaluru 560 100
Tel: 91 80 3087 9001

Chandigarh

Block A, Ground Floor, DLF
Building, Plot No. 2
Rajiv Gandhi
Chandigarh Technology Park,
Chandigarh 160 101
Tel: 91 172 502 1100
Fax : 91 172 504 6222

Chennai

SDB-IV, 2nd Floor,
138, Old Mahabalipuram Road,
Sholinganallur, Chennai 600 119
Tel: 91 44 2450 9530
Fax : 91 44 2450 0390

Building No.9, 'C' Wing

(Infosys Campus),
TP 1/1, Central Avenue,
Techno Park SEZ,
Mahindra World City,
Chengelpet, Kancheepuram
District,
Chennai 603 004
Tel: 91 44 4741 1111
Fax : 91 44 4741 5151

Hyderabad

Survey No.210, X,B-9 (1st,
2nd and 3rd Floor) and B-10
(1st Floor), Manikonda Village,
Lingampally, Ranga Reddy
District, Hyderabad 500 032
Tel: 91 40 6642 0000
Fax : 91 40 2300 5223

Building No. 10 and 11

(Ground Floor), SDB 4,
Pocharam Village,
Ghatkesar Mandal, Ranga
Reddy
District, Hyderabad 500
088
Tel: 91 40 4060 0000
Fax : 91 40 6634 1356

Gurugram

Uniworld Towers, Tower B,
Sector 48,
Gurugram 122 018
Tel: 91 124 392 2000
Fax : 91 124 400 4356

Mumbai

85, C, Mittal Towers,
8th Floor, Nariman Point,
Mumbai 400 021
Tel: 91 22 2284 6490
Fax : 91 22 2284 6489

Pune

3rd Floor, Building 15,
Plot 1,
Rajiv Gandhi Infotech Park
Phase II, Village Maan,
Taluka Mulshi,
Pune 411 057
Tel: 91 20 398 2700
Fax : 91 20 398 2800

Ground, 1st, 2nd

and 3rd Floor,
Building SDB-3,
Plot No. 24/2,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan,
Taluka Mulshi,
Pune 411 057
Tel: 91 20 398 2700
Fax : 91 20 398 2800

June 21, 2018

Dear member,

You are cordially invited to attend the fourth Annual General Meeting of the members of EdgeVerve Systems Limited ('the Company') on Saturday, June 23, 2018 at 10.00 a.m. IST at the Registered Office of the Company at Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100.

The Notice of the meeting containing the proposed resolutions is enclosed herewith.

Very truly yours,,

Sd/-

D.N. Prahlad

Chairman of the Board

Enclosures:

1. Notice to the fourth Annual General Meeting (AGM)
2. Statement pursuant to Section 102 (1) of the Companies Act, 2013
3. Proxy form
4. Attendance slip

EdgeVerve Systems Limited
Plot No. 47,
Electronics City
Hosur Road
Bengaluru 560 100, India
T 91 80 3952 2222
F 91 80 2852 1300

Registered Office:
CIN : U72200KA2014PLC073660
Plot No. 44, Electronics City
Hosur Road
Bengaluru 560 100, India
secretarial@edgeverve.com
www.edgeverve.com

Notice to the 4th Annual General Meeting

NOTICE is hereby given that the fourth Annual General Meeting (AGM) of the Members of EdgeVerve Systems Limited ('the Company') will be held on Saturday, June 23, 2018 at 10.00 A.M. IST at the Registered Office of the Company at Plot No. 44, Electronics City, Hosur Road, Bengaluru 560100, to transact the following business :

Ordinary Business

Item no. 1 – Adoption of financial statements

To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors ('the Board') and auditors thereon.

Item no. 2 – Appointment of director

To appoint a director in place of Sanat Rao, who retires by rotation and being eligible, seeks re-appointment.

Resolved that pursuant to the provisions of Section 152 of the Companies Act 2013, the approval of the members of the company be and is hereby accorded to the re-appointment of Sanat Rao (DIN: 07657698) as a director, to the extent he is liable to retire by rotation.

Item no. 3 – Ratification of Appointment of auditors

To consider and if thought fit to pass the following resolution as an ordinary resolution:

To ratify the appointment of the auditors of the Company, and to fix their remuneration payable to them for the financial year ending March 31, 2019, as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed upon between the auditors and the Board of Directors.

Explanation: Under Section 139 of the Companies Act, 2013 ('the Act') and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. In line with the requirements of the Act, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number : 117366 W/W 100018) ('Deloitte') was appointed as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 3rd Annual General Meeting of the Company held on June 24, 2017, till the conclusion of the 8th Annual General Meeting, subject to ratification by shareholders at the general meeting or as may be necessitated by the Act from time to time. The first year of audit was of the financial statements for the year ending March 31, 2018, which included the audit of the quarterly financial statements for the year. Accordingly, the appointment of Deloitte Haskins & Sells LLP is being placed before the shareholders for ratification.

Resolved that, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on June 24, 2017, the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number :

117366 W/W 100018) as the auditors of the Company to hold office till the conclusion of the next AGM be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2019, as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed upon between the auditors and the audit committee / Board of Directors.

Item no. 4 – Appointment of Sanat Rao as Whole-time director

Resolved that, pursuant to the provisions of Sections 196, 197, Schedule V, 203 and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or reenactments thereof, for the time being in force) and subject to the approval of the Central Government, approval of the members of the Company be and is hereby accorded to the appointment of Sanat Rao (DIN: 07657698) as Whole-time Director of the Company for a period of five years effective April 11, 2018 on terms and conditions as specified in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this Notice and on the remuneration, which is as follows;

- Base pay: Annual base salary of GBP 286,620 to be paid periodically in accordance with the Company's normal payroll practices and subject to withholdings.
- Variable pay: Annual variable pay at a target level of GBP 146,505 (or such other sum that may be decided by the board) each fiscal year, less applicable withholdings, subject to the terms and conditions contained in the applicable Bonus Plan.
- Stock compensation: Stock grant worth GBP 144,375 under the Infosys Limited 2015 Stock Incentive Compensation plan. The grants would vest equally over a period of four years.
- Employee Benefits: During the term of office, he will be entitled to participate in the employee benefits plan as per the terms of employment.
- Minimum Remuneration: Notwithstanding anything herein above stated, wherein in any financial year closing on or after March 31, 2019, during the tenure of Sanat Rao as Whole-time director of the Company, the Company incurs the loss or its profits are inadequate, the Company shall pay to Sanat Rao the remuneration by way of base salary, variable pay and other allowances not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or reenactments thereof, for the time being in force) or such other limits as the Government may prescribe from time to time as minimum remuneration.

Resolved further that, the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and/ or sanctioned by the Central Government.

Accordingly, the resolution proposing the appointment of Sanat Rao as Whole-time Director is being placed before the shareholders for approval;

by order of the Board of Directors
for EdgeVerve Systems Limited

Bengaluru
June 20, 2018

Sd/-
Sudhir Gaonkar
Company Secretary

Statement pursuant to Section 102 (1) of the Companies Act, 2013

Item no. 4

The Board of directors of the Company on the recommendation of the Nomination and Remuneration Committee at its meeting held on April 11, 2018, appointed Sanat Rao as Whole-time Director of the Company for the period of five years with effect from April 11, 2018 on the remuneration as set forth in the resolution. The remuneration payable to Sanat Rao may be paid to him or may be reimbursed to Infosys Limited with whom he is employed at present.

Other terms and conditions of his appointment are as stated in the Agreement of appointment to be entered into with Sanat Rao, a draft of which is available for inspection by the members at the Registered Office of the Company during business hours till the date of the meeting. The terms and conditions of his employment with Infosys Limited shall continue to apply.

The resolution seeks approval of the members in terms of Sections 196 and 197 read with schedule V, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the appointment of Sanat Rao as Whole-time Director effective April 11, 2018. A brief profile of Sanat Rao is enclosed.

No director, key managerial personnel or their relatives, except Sanat Rao to whom the resolution relates, is interested in or concerned with the resolution.

The Board recommends the resolution set forth in Item no. 5 for the approval of the Members.

Notes

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before June 21, 2018, 10:00 a.m. IST). A proxy form for the AGM is enclosed.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
5. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of members and the Register of debenture holders maintained under Section 88 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

Additional information on directors seeking election at the annual general meeting



Sanat Rao
Director

Sanat Rao is the Director at EdgeVerve. Sanat has over 26 years of experience in international banking and technology led business transformations. His experience spans strategic partnerships with clients through their digital journey across multiple markets globally. In his present role, Sanat is responsible for growing the Finacle business and driving industry leadership with innovations in the banking space.

Having started his career at ANZ Bank, a global financial institution headquartered in Australia, Sanat has had stints with marquee global financial technology organizations. In his previous role as Vice President and Senior Partner at IBM, he was responsible for a portfolio of offerings including cloud consulting services, CIO Advisory, core banking, digital foundation and payments in the BFSI space. He was also deeply engaged with FinTech companies in identifying and nurturing new partnerships that could prove disruptive in the market.

Prior to that, for nearly 14 years till 2013, Sanat played a variety of global roles as part of the Infosys Finacle organization, helping build and scale the brand, with the last position as the Global Head of Client Services and Alliances. In this role, he was responsible driving global sales, client engagement, and strategic alliances for Finacle globally. Sanat's expertise of the banking and financial technology industry is exemplary, having previously been responsible for Infosys' global banking product strategy for the entire Finacle suite. Sanat is based in London but spends much of his time travelling globally to engage with clients.

Proxy form

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rule 2014]



EdgeVerve Systems Limited

CIN : U72200KA2014PLC073660

Plot No. 44, Electronics City, Hosur Road, Bengaluru 560 100, India

secretarial@edgeverve.com | www.edgeverve.com

4th Annual General Meeting – June 23, 2018, 10:00 AM IST

Name of the Registered	<input type="text"/>
Email	<input type="text"/>
Folio no. / Client	<input type="text"/>
DP	<input type="text"/>

I / We, being the member(s) of shares of the above named company, hereby appoint

Name : Email :
Address :
.....Signature :

or failing him /

Name : Email :
Address :
.....Signature :

or failing him /

Name : Email :
Address :
.....Signature :

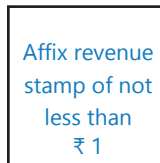
or failing him /

..... Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **fourth** Annual general meeting of the Company, to be held on the **23rd day of June 2018 at 10.00 a.m.** at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1	Ordinary Resolution for Adoption of financial statements for the financial year ended March 31, 2018			
2	Ordinary Resolution for Appointment of a director in place of Sanat Rao, who retires by rotation and being eligible, seeks re-appointment			
3	Ordinary Resolution for Ratification of Appointment of Deloitte Haskins & Sells LLP as the auditors of the Company			
Special business				
4	Ordinary resolution for appointment of Sanat Rao as Whole-time director			

.....
Signature of the proxy holder(s)



Notes:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- It is optional to indicate your preference. If you leave the 'for', 'against' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

.....Please tear here.....

Attendance slip



EdgeVerve Systems Limited

CIN : U72200KA2014PLC073660

Plot No. 44, Electronics City, Hosur Road, Bengaluru 560 100, India

secretarial@edgeverve.com | www.edgeverve.com

4th Annual General Meeting – June 23, 2018, 10:00 AM IST

Registered Folio no. / DP ID no. / Client ID no. :

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Number of shares held

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I certify that I am a member / proxy / authorized representative for the member of the Company.

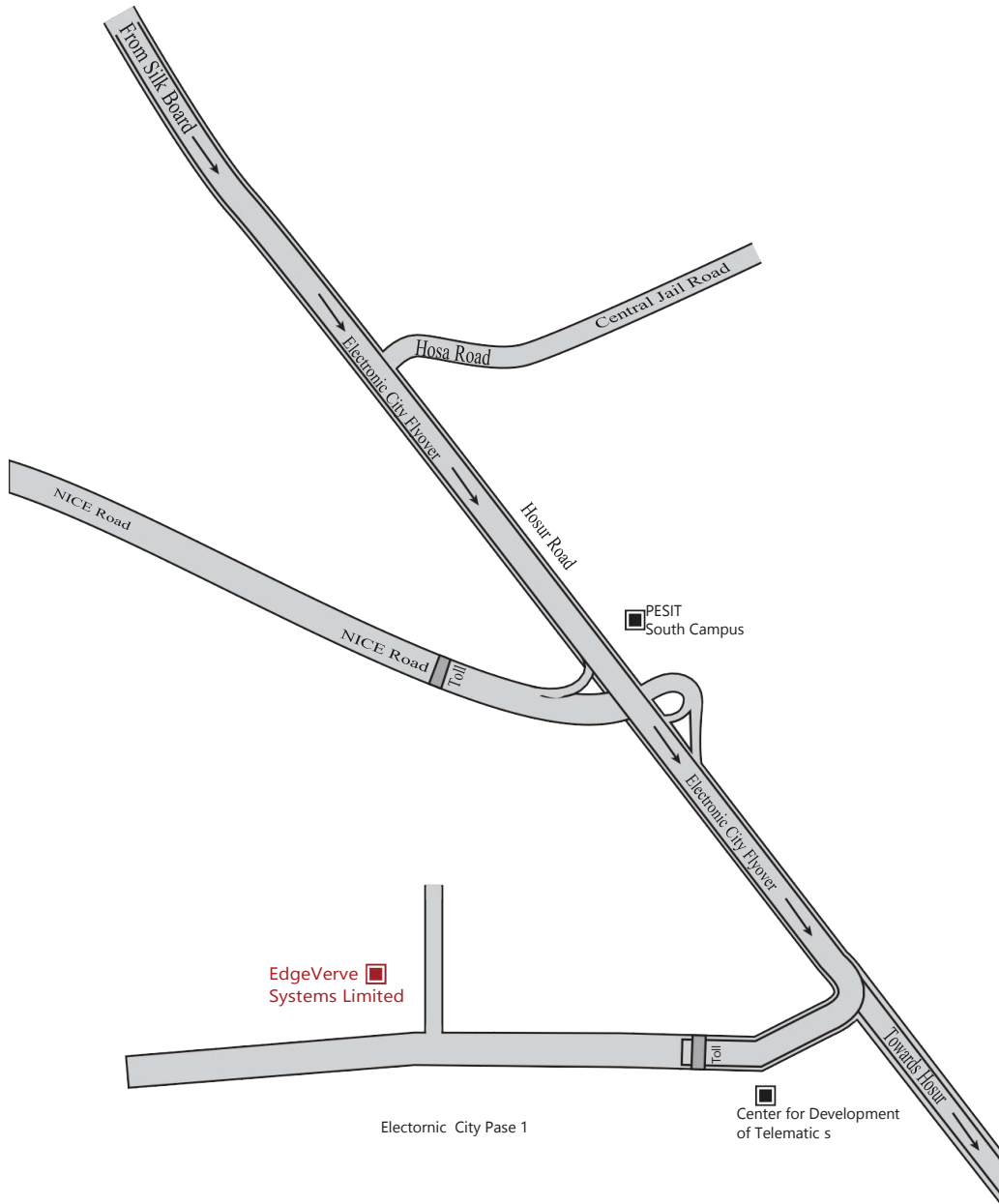
I hereby record my presence at the **fourth** Annual General Meeting of the Company at Plot No. 44, Electronics City, Hosur Road, Bengaluru 560 100, India on Saturday, **June 23**, 2018 at 10.00 a.m. IST.

.....
Name of the member / proxy
(in BLOCK letters)

.....
Signature of the member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

Route map of the venue of the AGM



Safe Harbor

This Annual Report contains 'forward-looking statements', that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the 'Outlook, risks and concerns' section in this Annual Report. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.



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